

BUSINESS WEEK



This week, General Electric President Charles E. Wilson (left) talked about another industrial job (page 14).

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**HOW CAN I MOVE
MORE GOODS WITH
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—U. S. Signal Corps Photo

Why we make "Square Tires"

A typical example of B. F. Goodrich leadership in truck tires

THEY HAD TROUBLE with the steel tracks on tanks. Often the track wore out in a comparatively few miles. Constant jiggling wore the hinges loose, too, so the track soon flapped and clanked. Then at high speeds it "threw"—flew off its driving wheels, wrecked the tank.

B. F. Goodrich engineers worked out a continuous rubber track in which they embedded steel cables to prevent stretch and so prevent "throwing." Then they developed a new rubber compound to resist wear on roads and cutting on rock.

This new band track—called a "square tire" by some—permits tanks and half-track units such as that illustrated to move quietly at high speeds with greater safety and at lower operating costs.

Take another look at the photograph

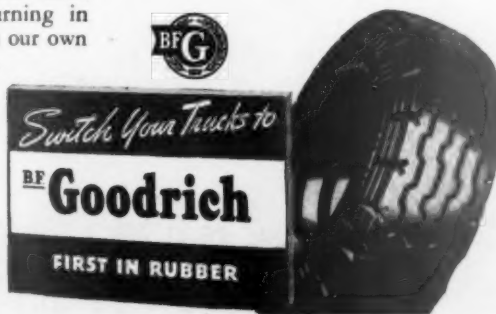
above. Note that this hill-climbing, ditch-diving unit carries round tires as well as "square" ones. And their job is just as tough. Yet these tires are regular B. F. Goodrich Silvertown Truck Tires. The same type tires which are available to you for your own trucks.

Speedliner Silvertowns are setting new performance records for truck owners everywhere—are turning in 25% more mileage than even our own great Silvertown of last year.

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Night
and

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BUSINESS WEEK

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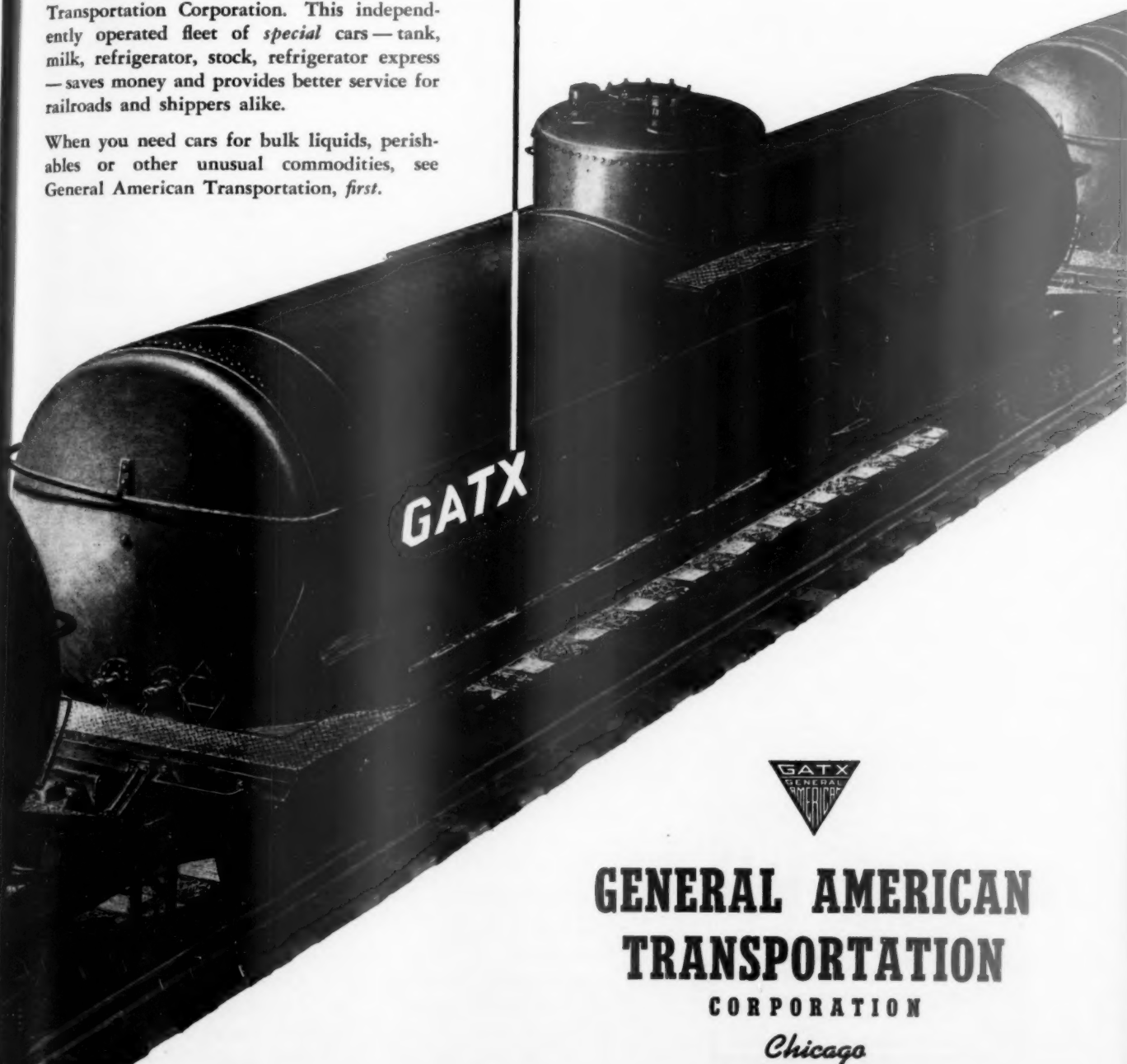
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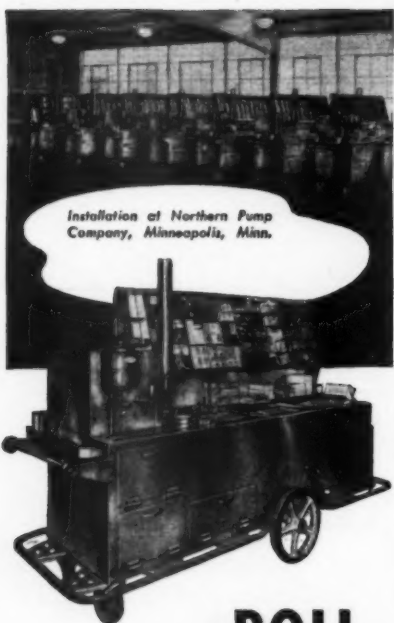


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BUSINESS WEEK

and the ANNALIST

Dec. 6, 1941

THE COVER

Once a year the "job of the week" for industry is the job held by the chairman of the Resolutions Committee of the National Association of Manufacturers. This convention week (page 14)—and for many weeks before—it has been the job of Charles E. Wilson. Other jobs that are important to the G.E. head any week range from the one that Gus Lundskog, turbine worker, is doing at the Lynn, Mass., plant to the one that he and his associates are tackling on post-war planning.

DANGEROUS BLUFFING

Since 1931 Japan's military extremists have bluffed and fought their way into control of the Asiatic mainland from Manchuria to Indo-China. Washington called that bluff last July and Mr. Kurusu is here trying to stave off a showdown. Why the situation is dangerous—page 15.

COLLECTIVE BARGAINING AT FORD

Five months ago, when the Ford Motor Co. and the C. I. O. United Automobile Workers signed their now-famous closed shop contract, they knew they had finished a big job. But they also knew they had much bigger ones ahead. Since June, in a long series of sessions company and union men have sweated through the task of setting pay rates for some 2,000 job classifications. And they've only begun the job of making the contract work—page 92.

MORE—AND DIFFERENT

For the sixth time this year, Business Week offers readers the biggest issue ever. Furthermore, it's a slightly different issue in at least one significant respect: In further recognition of the extent to which the war now affects every type and kind of business, the department Business Abroad undergoes a change of name and location, in line with the change of character achieved some months ago with the addition of a regular weekly lead article reviewing significant developments in the war news. Hereafter, The War—and Business Abroad will appear as the first department in each issue following the general news section. This week it's on page 60.

POSTWAR WORRY

It's an open secret in Washington that a move is under way to set up Harriet Elliott's Consumer Division in the Office of Price Administration as an independent defense agency—page 77. That has business men plenty worried, and what worries them most is this: "How many post-emergency eggs, in the form of long-time objectives like grade-labeling, will the consumer advocates in that division try to hatch out during the emergency?"

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Business Week • December 6, 1941

K WASHINGTON BULLETIN

941 FOR BUSINESS BY BUSINESS WEEK'S WASHINGTON BUREAU

Squeeze Play

President Roosevelt and his defense chieftains are being squeezed between the simple enormity of the defense job and pressure from Congress to take care of civilian business that is being shoved to the wall.

Two things are bound to happen—and happen soon:

(1) The defense organization will be overhauled (BW—Nov.29'41,p7) so that the job can be done without crushing the men who have to do it.

(2) Provision will be made arbitrarily for supplying materials to keep non-defense business alive, even though this cuts into defense requirements.

Only One Job for Nelson

The job of managing the defense program has grown to colossal proportions. Donald Nelson can't do it alone. No man has emerged who can, but an attempt will be made to fit his organization to the job by clearly defining authority and responsibility all along the line.

Probably Nelson's bifurcated job as executive director of the Supply Priorities and Allocations Board and director of OPM's Priorities Division will be split up. This would mean putting another man in the priorities "hot spot" to handle that job for Nelson. Milton Katz, a young Yale law professor who is Nelson's chief legal adviser, is mentioned.

New OPM Director?

The junking of the partnership of Knudsen and Hillman as joint directors of OPM and the substitution of a single administrator directly responsible to SPAB is under consideration. William Batt's name is heard as possible head of OPM. Knudsen probably will be shifted (BW—Oct.25'41,p7), may disappear from the scene entirely. Certainly his retirement from the seats of the mighty would not create the stir and dismay in the country at large that it would have a few months ago.

Establishment of a new over-all purchasing division where all defense contracts would be cleared may materialize. One of the hoped-for consequences would be the greater-fanning-out of defense business.

Caring for Small Business

Streamlining of the defense organization does not stem directly from the

implacable demand for protection of the country's small business enterprises, although that consideration is definitely in the picture.

Nelson plans to take care of "hardship" cases. Companies that represent the most in man-hours of employment and volume of useful end-products turned out for the amount of scarce materials consumed will be taken care of. His plan may ease the labor displacement problem, but it would still leave a lot of little companies and their employees out in the cold, and it won't satisfy Congress.

Senator O'Mahoney's bill to set up an independent board to hear hardship cases—a bill that is now off to a fast start in the Senate Naval Affairs Committee—means trouble for the Administration and the Administration knows it. The substance of the bill isn't important, but viewed as a pressure device it's dynamite.

New Plants or Old?

If you are looking for the real issue in the subcontracting debate, watch the attack which New Dealers and labor men are launching against Army and Navy requests that pending appropriations provide for big new defense plants. Their argument is that the same jobs can be done quicker and with less disturbance to the economy by pooling existing facilities and spreading the work.

In jabbing at the services' preferences for "nice new plants" and worries about the "messiness" of pooling, they have taken some sideswipes at Knudsen as "essentially a big-plant man."

Supporting Congress

Regular government agencies are back of Congress's attack on the present defense system. SPAB's allocation of 10,500 tons of copper to REA, for example, won't satisfy. This is just enough to finish jobs on which 40% of the work has been done, still leaves REA unable to continue expansion of rural lines.

Right now, REA, Ickes, and the Federal Power Commission are trying to pull down OPM Power Coordinator J. A. Krug, former TVA engineer. Harry Slattery of REA charges that Krug has packed his staff with private utility men.

• Memo to REA—Krug has been trying to borrow Chief Engineer Sol Schultz of the Bonneville Power Administration to handle material priorities for him but Ickes won't let him go.

Copper Clamor

Much of the hot water that SPAB is in is heated in copper kettles. Shortage of the red metal is the first one that everybody can feel. The public-power people and the C.I.O. mining unions are telling congressmen nasty stories about OPM's failure to do anything about expanding supply, and saying that domestic production is lower now than a year ago because the mines are using the boom to work their low grade ores.

SPAB expects to get in ahead of public clamor by starting its own full-dress investigation of the whole copper situation—from mine to ashtray. Knudsen has had a personal hand in the copper expansion job, and if it proves actually as bad as claimed, it will grease the skids he's on.

Allocations Plan In Effect

The Production Requirements Plan (BW—Nov.29'41,p15) to take care of essential requirements of critical materials three months at a time, beginning Jan. 1, became effective this week with official approval of order P-90. Requests for form PD-25A should be addressed to A. L. Williams, Production Requirements Plan Section of the Priorities Division, Office of Production Management, Temporary Building E, Washington, D. C.

Repair Aid for Retailers

OPM is planning to "do something" to provide repair parts and maintenance and operating supplies for the thousands of small tradesmen all over the country. Under the P-22 order, all manufacturers and wholesalers can use an automatic A-10 rating to get what they need along this line, but retailers are still at the mercy of their suppliers.

The plan will not give retailers the right to use priority ratings, but will give special ratings to jobbers and wholesalers who supply retailers, thus permitting the supplier to maintain his normal stocks and satisfy his regular customers.

Dividing Up Steel Plate

There isn't enough steel plate this month to fill all orders with a priority rating. OPM hasn't got its over-all requirement figures in shape yet for the thoroughgoing allocation program it is planning for next year. So this week it imposed an interim form of allocation.

Plate producers each month will sub-

mit to OPM an estimated production schedule and a list of the shipments they propose to make—together with a list of the orders they do not intend to fill. No shipments may be made until OPM has approved the schedule.

• **Customers**—For the present, plate buyers simply place their orders in the usual way. When forms have been worked out, buyers will have to submit advance schedules of need.

On the \$1-A-Year Trail

Various congressional committees are on the trail of \$1-a-year-men, suspicious that they are using their influence to grab off luscious contracts for their companies.

Whatever the Capitol Hill sleuths may uncover with respect to particular individuals, F.D.R. defends the \$1-a-year system. More of the \$1 men will be hired for the simple reason that execution of the defense program is terribly handicapped by shortage of manpower with business brains and technical ability.

Hiring is Delegated

To relieve himself of annoying responsibility (BW—Nov.15'41,p7) and to expedite appointments, F.D.R. recently delegated authority to defense chieftains to hire \$1-a-year talent. Knudsen has it for OPM, Henderson for OPA, and Wayne Coy for all other agencies grouped under the Office for Emergency Management.

It is significant also that on the eve of congressional hearings, specific standards governing selection of \$1-a-year men are being applied.

Employment Conditions

The greatest trouble is that companies tussling with the problems of defense business can ill spare men of the caliber needed in Washington to make the defense program run better for everybody.

If a company is willing to make a sacrifice, here are the conditions governing employment of a \$1-a-year nominee: outstanding ability and experience; full sympathy with the defense program; employment only in a responsible administrative, technical, or consulting capacity; present compensation higher than legally can be paid by the government for the position proposed; high integrity and good moral character.

Exhaustive Investigation

No person under consideration for appointment is permitted to enter duty prior to final approval. Either FBI or Treasury agents make an exhaustive investigation of the backgrounds and connections of all \$1-a-year candidates.

In the past, several have been allowed

to start work and have had to be eased out when an adverse report was made. Others have started work before final approval only to discover that they can't collect their traveling expenses.

• **No More W.O.C.'s**—The new rules put an end to appointment of W.O.C.'s (persons without compensation) except for special, part-time consulting jobs. W.O.C.'s could be hired freely and many were, to avoid delay incident to \$1-a-year appointments. Dollar-a-year men now number about 250 in OPM, 300 in other subdivisions of OEM. W.O.C.'s number 1,000 in OPM (600 in the training-within-industry program), 600 in other OEM branches.

Improper Influence?

Ex-government officials and plain smart operators who have been making a good thing out of steering would-be contractors towards defense business are getting raked over the coals this week by the House Military Affairs Committee. The congressmen want to find out (1) whether defense brokers have been able to exert improper influence on contract awards and (2) whether contingent fees or encouragement of collusion have raised costs to the government.

Legislation may emerge, though nothing has been drafted yet. F.D.R. has endorsed restrictions on activities of ex-officials, which would attack one phase of the situation, but it will be hard to write any law covering effectively the whole problem. Most government contracts have long carried a ban on contingent fees, but it has not been hard to evade.

Housing vs. Slum Clearing

Another \$300,000,000 for defense housing has been approved by the House Buildings Committee, but it wants to be sure that the program has no odor of slum-clearance. Recommended amendments to the Lanham Act would set rentals at a pay-out level instead of basing them as now on the tenants' income. Post-war sale of projects would be required, but they could not be sold to any slum-clearance agency.

The committee steals a march on Judge Rosenman's pending plan for reorganization of housing—expected to throw the load on U. S. Housing Authority—by requiring that all future projects be built by the old-line Public Buildings Administration.

• **No, No**—Administration will fight the amendments in the Senate.

Wood-Furniture Prices

Furniture men credit chiefly their good behavior in the past few months (and the careful publicity they have given it) to Leon Henderson's an-

nouncement last week that, for the present at least, there will be no lid over wood-furniture prices, in spite of OPA's oft-repeated threats in this direction. With minor exceptions, furniture makers' prices have held a steady keel since the July trade show last summer.

Some members of the trade, however, have a hunch that they owe their reprieve to something besides good conduct. There are indications that OPA believes furniture price-fixing can be made effective only if coupled with design freezing, simplification, and even standardization. Henderson reportedly considers this a hot potato.

Arnold Over a Hurdle

Thurman Arnold cleared the first hurdle in his antitrust drive on California's Unfair Practices Act last week. The Los Angeles federal court overruled demurrers of the Food and Grocery Bureau of Southern California, Inc., which polices the food field for violations of the act, and some 30 other defendants in the trade to charges brought against them by a grand jury last spring, at the instigation of the Department of Justice.

The Antitrust Division is sniping at the Golden State food trade from every vantage point. This month Arnold's staff is feeding a special grand jury the results of its investigation into methods of California fruit-marketing, specifically, those used by the powerful California Fruit Growers Exchange (which handles 70% of the state's oranges) and the Di Giorgio Fruit Corp., "world's largest fruit firm."

P. S.

Construction men in Washington wisecrack that what SPAB really means is Society for the Prevention of All Building. . . . The Federal Reserve Board estimates that since Sept. 1 restrictions on instalment buying have converted an expansion of consumer credit at the rate of 1.2 billions a year into an annual reduction of 2 billions. . . . Officials back from Russia report that they spent a lot of time playing cards, that the Russians didn't want any advice from them. . . . Plowshare to sword: Union Fork & Hoe Co., Columbus, has a \$548,000 contract for bayonets. . . . Customary 36-hour silence rule on announcement of contract awards by Army Quartermaster General's Office probably will be discarded. Intended to allow time for simultaneous publication, the delay ties up huge quantities of raw materials on option to unsuccessful bidders. . . . Nelson Rockefeller has invited ten South Americans to ski all over the United States this winter. . . . Rep. C. W. (Runt) Bishop of Illinois sells his colleagues suits of clothes via mail order.

FIGURES OF THE WEEK

THE INDEX** (see chart below)

PRODUCTION

	\$ Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
Steel Ingot Operations (% of capacity)	97.6	95.9	98.2	99.2	96.9
Automobile Production	93,495	76,820	92,879	106,395	128,783
Engineering Const. Awards (Eng. News-Rec. 4-week daily av. in thousands)	\$17,308	\$15,855	\$11,826	\$15,229	\$18,799
Electric Power Output (million kilowatt-hours)	3,293	3,205	3,339	2,924	2,932
Crude Oil (daily average, 1,000 bbls.)	4,087	4,337	4,071	3,786	3,335
Bituminous Coal (daily average, 1,000 tons)	1,613	1,968	1,818	1,745	1,815

TRADE

Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars)	92	91	94	89	83
All Other Carloadings (daily average, 1,000 cars)	53	56	58	56	50
Check Payments (outside N. Y. City, millions)	\$5,530	\$7,141	\$5,769	\$5,367	\$4,547
Money in Circulation (Wednesday series, millions)	\$10,567	\$10,535	\$10,307	\$9,294	\$8,465
Department Store Sales (change from same week of preceding year)	+11%	+14%	+8%	+21%	+9%
Business Failures (Dun & Bradstreet, number)	203	188	187	221	258

PRICES (Average for the week)

Spot Commodity Index (Moody's, Dec. 31, 1931 = 100)	209.4	208.7	209.0	194.6	167.6
Industrial Raw Materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)	146.9	146.5	144.9	138.9	121.3
Domestic Farm Products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)	159.8	159.9	158.1	142.0	122.3
Iron and Steel Composite (Steel, ton)	\$38.15	\$38.15	\$38.15	\$38.15	\$38.13
Scrap Steel Composite (Iron Age, ton)	\$19.17	\$19.17	\$19.17	\$19.17	\$21.17
Copper (electrolytic, Connecticut Valley, lb.)	12.000¢	12.000¢	12.000¢	12.040¢	12.023¢
Wheat (No. 2, hard winter, Kansas City, bu.)	\$1.14	\$1.14	\$1.12	\$0.88	\$0.85
Sugar (raw, delivered New York, lb.)	3.50¢	3.50¢	3.50¢	3.44¢	2.85¢
Cotton (middling, ten designated markets, lb.)	16.75¢	16.38¢	16.20¢	12.93¢	9.78¢
Wool Tops (New York, lb.)	\$1.287	\$1.286	\$1.285	\$1.305	\$1.201
Rubber (ribbed smoked sheets, New York, lb.)	22.50¢	22.50¢	22.50¢	22.03¢	20.91¢

FINANCE

90 Stocks, Price Index (Standard & Poor's Corp.)	73.0	74.3	76.1	74.7	84.1
Medium-Grade Corporate Bond Yield (30 Baa issues, Moody's)	4.29%	4.29%	4.27%	4.33%	4.48%
U. S. Bond Yield (average of all issues due or callable after twelve years)	1.85%	1.86%	1.83%	1.90%	1.93%
U. S. Treasury 3-to-5-year Note Yield	0.60%	0.63%	0.45%	0.41%	0.34%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average)	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6-months, N. Y. City (prevailing rate)	1/2%	1/2%	1/2%	1/2-1/2%	1/2-1/2%

BANKING (Millions of dollars)

Demand Deposits Adjusted, reporting member banks	24,452	24,192	24,258	24,311	22,189
Total Loans and Investments, reporting member banks	29,693	29,656	29,582	27,915	24,902
Commercial and Agricultural Loans, reporting member banks	6,602	6,632	6,554	5,673	4,911
Securities Loans, reporting member banks	964	955	962	1,022	927
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks	14,735	14,696	14,648	13,996	12,250
Other Securities Held, reporting member banks	3,692	3,675	3,731	3,693	3,524
Excess Reserves, all member banks (Wednesday series)	3,800	3,690	4,600	5,824	6,931
Total Federal Reserve Credit Outstanding (Wednesday series)	2,284	2,307	2,250	2,231	2,276

*Preliminary, week ended November 29th.

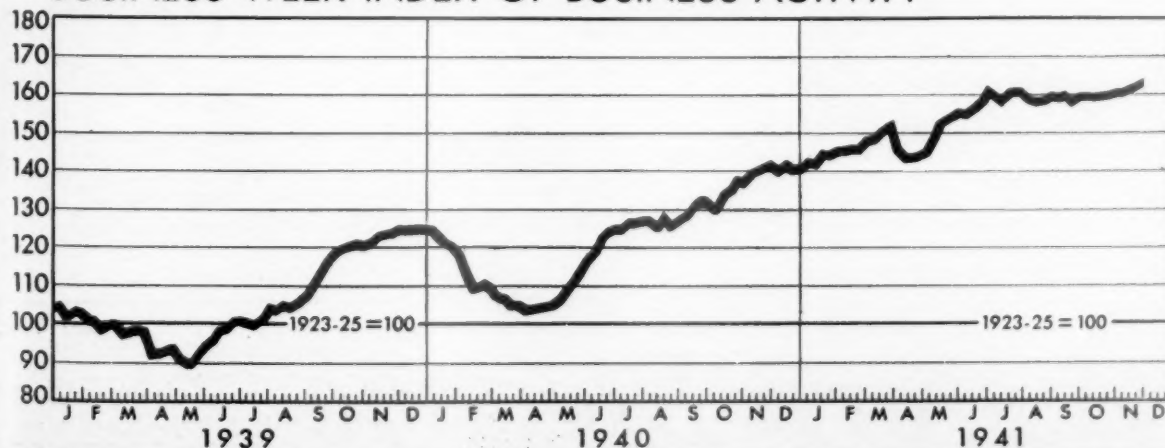
** Revised series (BW-Nov.1'41,p14).

† Revised.

§ Date for "Latest Week" on each series on request.

‡ Ceiling fixed by government.

BUSINESS WEEK INDEX OF BUSINESS ACTIVITY





How close an observer are you?

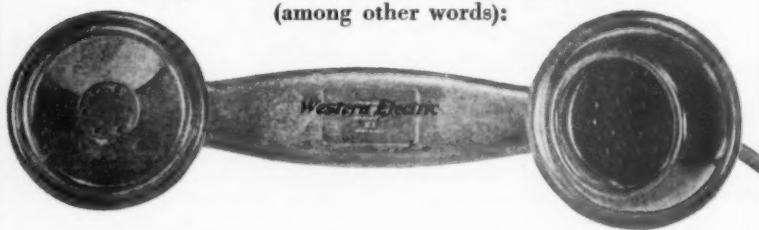
You probably handle nickels every day. Ever notice the wording on them?

Perhaps you handle a Bell telephone every day. What words appear on it?



This Western Electric worker is measuring a molding die used in making the telephone "hand set." Its size must not vary from the standard more than 5/10,000 of an inch—about one-fifth the thickness of this paper.

When you look at your Bell telephone you'll see
(among other words):



The Western Electric name has been on telephones for 60 years, a symbol of quality in craftsmanship.

It's the name behind the whole vast network of Bell System equipment that helps unite the nation.

Western Electric

... is back of your
Bell Telephone service

THE OUTLOOK

Business Swings Up Again

New armament plants offset curtailment in consumer lines; priorities unemployment is being compensated. Carloadings augur well for railroads, but basic wage boost erects another hurdle.

After one of the longest sidewise movements on record—21 weeks—business has now definitely broken out of its rut. This week the Business Week index advanced above the 164 level (chart, page 11), and further advances are in the offing. New armament plants, rapidly coming into production (now and later), are more than offsetting the slackening of operations in some of the durable consumer-goods lines which have been hit by priorities.

Payrolls to Expand

Indeed, priorities unemployment has been much less pronounced than the portentous political prophecies about it. The payoff on the problem is to be found in a survey of future employment requirements just released by Federal Security Administrator McNutt. It estimates that more than 250,000 workers will be added to payrolls between now and March 1, as compared with 67,000 layoffs in 9,900 defense manufacturing plants. More than 70% of the layoffs are expected in auto and auto-equipment factories.

The breadth of the business upswing now getting under way is indicated by carloadings. Normally at this time of the year, freight traffic undergoes a sharp contraction from its September or October high. But last week, loadings increased some 50,000 cars. Apparently, business traffic, instead of making the church-steeple peak of former years, has spread itself out; and rolling stock, instead of being retired to the sidelines in November and December, has been carrying a bumper volume of defense and other commodities.

Railroad Earnings

Railroading is one of the few major industries that have yet to approach the 1929 level of capacity. That implies that most railroads can still expand volume without running into the inefficiency and higher costs that industries have to combat whenever equipment and man-power are being pushed above accustomed limits of stress and strain.

By itself, this is fine for railroad profit and loss accounts; it suggests that a large proportion of increased gross will be carried down to net. But the \$300,000,000-plus boost in annual wages is a sharp setback at this time.

And it is of long-term significance, too, since the award to railroad workers was made as a basic rise in pay, and not simply "for the duration" of the emergency. Thus the new wage increases will be a continuing addition to railroad expenses after the war is over.

Toward Standardization

Because of the continued high level of traffic, the carriers are still very much in the market for new equipment. As a means of speeding up deliveries and conserving critical metals, the Association of American Railroads has adopted a plan to standardize the manufacture of locomotives and freight cars. Under the arrangement, car and locomotive builders will interchange plans, engineering data, and patterns. This program is bound to find favor in Wash-

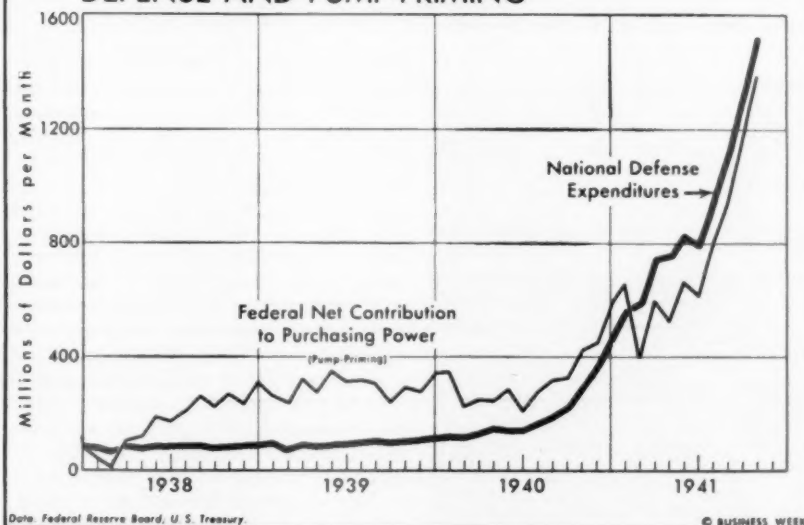
ington, where officials long have been struggling—not too successfully—with problems of standardization and simplification (BW—Nov. 22'41, p17). The plan also may be the forerunner of similar schemes in other industries.

Steel Plate Allocations

The shortage of steel plates, which (among other things) slowed down railroad equipment output last month, has so stirred Washington officials that straight-out allocations have been instituted to break the log-jam. Trouble is that priority ratings of A-10 or higher cover 850,000 tons monthly, whereas total plate capacity amounts to only 600,000 tons. Of this, the Army, Navy, and Maritime Commission need 300,000 tons, or half.

So, as a matter of necessity rather than forward planning, Priorities Director Nelson had to step in to see that defense industries got theirs. This is the first use of direct allocations in a basic product; and hence is of importance to the whole materials distribution system. If the plan is efficient, it is likely to be the working model for extension of allocations to other industries.

IN THE OUTLOOK:
DEFENSE AND PUMP-PRIMING



The rise in national-defense expenditures continues to accelerate rapidly. Since June, federal outlays on armaments and lease-lend have almost doubled. Right there is the key to the country's inflation problem. For arms expenditures represent wages and salaries; they represent also profits and dividends; further on in our economic process, they represent fees to doctors

and lawyers and payments to farmers. Thus, rising arms expenditures boost the federal government's "net contribution to purchasing power." At the same time, such expenditures tend to get in the way of, hence curtail, production of durable consumer goods. And there you have the inflation equation: more spending power, less goods (BW—Nov. 29'41, p76).

No Surrender

National Association of Manufacturers admits need of emergency controls, but demands they end with peace.

From key points on the defense firing line, 6,000 officials of industry and government gathered at New York's Waldorf-Astoria this week for the annual convention of the National Association of Manufacturers. With crises popping all over the world map and the speed of U. S. arms production steadily increasing, many of the management headlines only had time to register a kick or a compliment before rushing back to their jobs.

• **For the Duration Only**—Theme of this forty-sixth congress of American industry was "To Secure the Blessings of Liberty." The slogan was adopted instead of suggestions from the uncompromising faction for a stronger rallying cry against radical trends in the New Deal. General feeling of the business leaders who milled and met in the Waldorf's gilded halls was for all-out cooperation with the government's armament effort, acceptance of necessary emergency controls and restrictions, but a determination to restore democratic processes with return of peace.

Attitude of the N.A.M. on strikes was that any new labor legislation (page 16) should prevent tie-ups of defense orders during the emergency, and should freeze the status quo as between the closed and

open shop. It feels that labor leaders should not be allowed to capitalize the present emergency to boost membership and dues. The swelling demand in Congress for antistrike legislation was welcomed, but the N.A.M. set limits for remedial laws.

• **Labor Law Proposals**—The manufacturers joined in declaring that the "right to strike must not be used to destroy the right to work" and added specific recommendations: (a) A strike should be illegal unless more than one-half of the workers vote for it by government-supervised secret ballot; (b) the sympathetic strike should be outlawed; (c) jurisdictional strikes—those between rival unions—and strikes for a closed shop or any other form of labor monopoly should be prohibited.

Thursday was "labor day" on the N.A.M. program, which featured William H. Davis, chairman of the National Defense Mediation Board, and Howard W. Smith, chairman of the Congressional committee investigating the Labor Relations Board and the Wagner Act. The need for protection of free enterprise was sounded by E. T. Weir, chairman of National Steel Corp. J. Howard Pew, president of Sun Oil Co., sounded a similar theme and supported the address of Walter D. Fuller, president of Curtis Publishing Co. and retiring president of N.A.M., which set the tone for the convention.

The speech of William S. Knudsen, director general of the Office of Production Management, noted the lengthening strides in production and outlined the need for still more speed. A clamorous contingent of smaller manufacturers heard Floyd B. Odum report on the progress in farming-out orders made by his Division of Contract Distribution. Thurman Arnold, Assistant U. S. Attorney General, Donald Nelson, executive director of the Supply Priorities and Allocations Board, and Leon Henderson, head of Office of Price Administration, were among other government speakers.

• **After the War**—The N.A.M.'s program for post-war planning shows the guiding hand of C. E. Wilson, president of General Electric and chairman of the association's resolutions committee. It was pointed out that this was no mere paper scheme but embodied ideas already in practice by many companies.

Among precautionary steps that manufacturers were urged to take now were: Formation of committees by younger company executives to make plans for goods and jobs in the peacetime market. Research and development of new products. Short-cuts to give the consumer more for his dollar. Postponement of new designs for the post-defense period. Stabilization of prices except as costs force raises. Set up of rainy-day financial reserves. Extra-heavy depreciation charge-offs to lower overhead after the war. Maximum use out of existing



K. T. Keller, president of the Chrysler Corp., and principal speaker at N.A.M.'s banquet, hasn't time for solitaire any more—like most of the other convention-goers. Keeping industry at capacity defense production is a full-time job. Mr. Keller spoke on "Industry's Place in a New World."

brick, mortar, and machines. Preparation for a fast shift from defense to peace goods. Study of export markets. Good-will advertising.

• **On Defense Administration**—Meanwhile, the N.A.M. proposes policies to insure a victorious peace. It contended that the government should end conflicting and overlapping governmental authority by setting up a single agency for defense production. This single authority ought to:

(1) Guide arms output to cause as little hardship as possible to civilians and to small, non-defense manufacturers.

(2) Decide how much critical materials can be used for civilian supply but not how or where they are to be employed.

(3) Prevent stampeding of government and business into buying from fear and hoarding.

(4) Avoid priorities or allocations without thorough investigation.

• **To Forestall Inflation**—Some of the N.A.M. suggestions for anti-inflation moves include: Prevent waste in defense spending and cut to the bone all non-defense expenditure by federal, state, local governments. Spread taxation widely to raise a substantial proportion of defense costs; borrow the rest from the savings of the country, not from the banks. Increase civilian production as much as possible without affecting defense. Sell surplus government farm stocks whenever living costs rise sharply. Avoid misuse by the government of the emergency to raise farm prices.



Cooperation, and the acceptance of necessary controls—but only for the duration—that was the theme set by Walter D. Fuller, president of the Curtis Publishing Co., and retiring president of N.A.M., at the association's annual convention this week.



While U. S. Ambassador Joseph C. Grew and Japan's Foreign Minister Shigenori Togo (left) discussed Far Eastern problems in Tokyo, feverish negotiations continued in Washington, with almost daily conferences between Secretary of State Cordell Hull, Japanese Ambassador Kichisaburo Nomura, and Special Envoy Saburo Kurusu (right). Despite Presi-

dent Roosevelt's hurried return from Warm Springs, Ga., this week, and the tenseness of the negotiations in Washington, insiders know that the real decision will be made in Tokyo.

War Is Up to Tokyo Hotheads

If Japan's extremists take things into their own hands, diplomatic game of bluff will end abruptly, with U.S. acting decisively and with Japan at great military disadvantage.

Whether there is to be war or peace in the Pacific—now or later—will be decided in Tokyo, not Washington. And the real decision will be made not by the Japanese premier and his cabinet but by the not-so-small group of extremely nationalistic military leaders who have tasted the fruits of victory in China and who believe they can ride to fresh conquests on the coat tails of the Germans.

This week's negotiations in Washington must be interpreted in this light.

• **How It Started**—Pinched by the deepening depression and the world-wide wave of tariff protectionism, Japan in 1931 made a timid gesture to increase its foothold in Manchuria and open up a new supply base which would replace in a small way some of the lost markets in other parts of the world.

The success of that first timid venture started Japan on its way to the dream-project now blatantly publicized as the "New Order for East Asia." Despite victories south of the Great Wall in 1934 and 1935, Japan lacked the courage to undertake an all-out attack to liquidate the Chiang Kai-shek government at Nanking until the summer of 1937. Then, with Hitler troops in the Rhineland and both Russia and Britain anxiously absorbed over problems in Europe, Japan struck out to

crush the Chinese government and win national supremacy in the Far East.

• **No Major Defeat**—Despite the stalemate which has persisted for more than two years in the China campaign, Japan's militarists can look back to ten profitable years with no major defeat on any front. Tokyo controls more than half the population of China, and the wealthiest third of the area. It has occupied French Indo-China, richest of all France's colonies.

There is a long list of resulting liabilities which these militarists ignore. Japanese taxes are dangerously high. A large part of the public is dissatisfied that the war in China has dragged on for more than ten years, and caused more than a million casualties. Shortages of food and clothing have been annoying for much longer than the four months that the United States and the democracies have imposed a drastic embargo on business with Japan.

Last July, when Japan took over all of Indo-China, Tokyo was shocked at Washington's drastic comeback. The freezing of all Japanese funds in the United States meant that Tokyo could no longer buy the oil, cotton, copper, and limited supplies of machinery that had been allowed to go to Nippon.

• **Opportunity Seen**—Japan was still smarting under this rebuff when the

German campaign in Russia gathered the momentum which reduced Leninograd to a state of siege, swept the German armies to within a hundred miles of Moscow, and brought all of the rich southern Ukraine under their control.

It was then that Japan's military leaders believed they could strike back in the Pacific and extricate themselves from a dangerous corner (BW—Oct. 25 '41, p15). General Tojo, representing the moderate wing of this extremely nationalistic group, was made premier. The politicians believed that the time had come when they could liquidate the Chungking government. Then, threatening Singapore from Indo-China, they hope either to dislodge the Western powers from Asia (if things got hot enough in Europe) or to win acceptance of their conquests.

• **Into a Showdown**—Perhaps developments in Tokyo got out of control. Or perhaps Berlin fell behind the time schedule it had given its Axis partner. At any rate, Japan ran smack into a Pacific showdown before it was ready to follow through.

The Kurusu visit to America is a desperate gesture to play for time in the hope that Germany can turn the tide again in Europe. Its one hope for success from the first—if Berlin failed—was that it would allow time for Japan's military hotheads to cool off.

The moderates in Japan, and most of the business men, realize that the country is in no position to start a war with the Western powers.

• **Air and Sea Factors**—For the first time since Tokyo launched its attack on Manchuria ten years ago, Japan would be up against a navy. Air forces now



CHEMICAL AWARD

Dr. Willard H. Dow (right), president and chairman of the board of the Dow Chemical Co. received the 1941 Award for Chemical Engineering Achievement this week from Col. Alfred H. White, chairman of the award com-

mittee and head of Michigan University's Chemical Engineering department. Presented biennially by Chemical and Metallurgical Engineering magazine, the award went to Dow Chemical for its pioneering research in the recovery of metallic magnesium from sea water (BW—Sep.21'40,p20).

concentrated in the south are nearly equal to Japan's in number, and are superior in striking power. Most important, Japan would be fighting a major war with its heavy industries cut off from every major source of strategic raw materials. These are the facts against which business men must appraise the outlook. Day-to-day news is misleading for both sides are stating their cases in the scariest terms. Tokyo fosters a news bulletin from Shanghai one day saying huge Japanese convoys were sighted offshore and heading for Indo-China. Singapore retaliates with a bulletin that a fleet of 16 British naval vessels has just joined the Pacific battlefleet.

• **Talk and Retaliation**—Tokyo's premier denounces the American, British, and Russian governments for attempting economic strangulation of Japan, and demands that they stop at once or Tokyo will fight. Russia closes Vladivostok harbor to all commercial traffic.

The diplomatic battle over the Far East—in both Washington and Tokyo—is still largely bluff. The danger, and it is serious, is that neither side knows when Japan's extremists will take things in their own hands. Washington in the last two weeks (if not earlier) has made it plain that when they do, this country—and its allies in this Pacific showdown—will act decisively.

What Labor Law?

House passage of Smith bill is only first step in framing final statute. Senate now takes up measure.

The House of Representatives passed the drastic Smith labor bill this week, after writing into it two amendments which make it even more stringent than it was originally. The Smith bill, which is expected to be substantially watered down before it wins Senate approval, contains, in its amended form, six major points.

The measure (1) provides a 30-day cooling-off period which will prohibit strikes for that length of time after a union gives notice of intent to strike; (2) establishes the National Defense Mediation Board on a statutory basis to handle mediation within the 60-day period; (3) outlaws jurisdictional disputes and organizational strikes—disputes over recognition, sole bargaining rights, union shop, and closed shop; (4) makes it mandatory that every union register with the National Labor Relations Board; (5) bans picketing by individuals who are not employees of struck plants; and

(6) deprives unions of protection of the Wagner Act when they allow a Communist, Bundist, or convicted felon to hold office.

• **Up to the Senate**—How much of this program will ever find its way into law remains definitely conjectural. The Senate is certain to subject each point to long debate, as well as consider measures of its own.

There is only one prediction which can be safely made about the law that will emerge from this muddle: Compulsory arbitration will not be a part of it, barring some unexpected public demand. This seems certain because of the opposition of the National Association of Manufacturers, United States Chamber of Commerce, American Federation of Labor, and Congress of Industrial Organizations.

• **For Different Reasons**—The business-labor united front was welded by a common fear that public tribunals would usurp vital decision-making functions which both management and unions prize. Employer antagonism was sharpened by the knowledge that, in New Zealand and Australia where compulsory arbitration has a long history, it has made union membership virtually compulsory for all wage earners. Business is particularly suspicious of enforced arbitration when the New Deal administration would be the agency appointing the arbitrators. For their part, the labor organizations know that compulsory arbitration would necessarily outlaw strikes, and the unions are prepared to defend to the death the right to strike.

After the legislative conference in the White House last week, compulsory arbitration had been considered the keystone in the new structure of labor policy; its removal made observers wonder just what would be left. Either preoccupied with the Far Eastern crisis or just ducking the issue, the White House had not indicated by midweek just where the Administration stood on the issue.

• **What Bills Provide**—The mildest measure on the House floor was the Ramspeck bill reported by the House Labor Committee. It proposed a statutory basis for the National Defense Mediation Board, a 60-day cooling-off period in which no strikes would be permitted and mediation would continue; but it specifically guaranteed the right to strike. It also authorized plant seizures when a labor dispute interrupts defense production. Somewhat stronger was the Vinson bill which would force mediation on threat of plant seizure; it also provided sanctions against labor by removing Wagner Act and Norris-LaGuardia Act protection from recalcitrant unions. Most severe of all on labor was the Smith bill.

Besides the House bills, the Senate has two bills of its own—measures introduced by Ball and Connally. Neither

adds anything new to the bills originating in the House.

• **Shunning NDMB**—Meanwhile, as a strong C.I.O. lobby camped in Washington to influence legislative action, a dispute between the United Automobile Workers Union and Bell Aircraft Co. which had been before the National Defense Mediation Board went to a "special conciliation panel" manned by Labor Department officials. Chiefly significant as a sign that C.I.O. still wasn't playing ball with NDMB, the maneuver also made it plain that C.I.O. wanted to check strike movements.

Roosevelt, meanwhile, was trying to needle C.I.O. back into NDMB activity. He turned down Philip Murray and Thomas Kennedy's NDMB resignations last week, and by so doing strengthened the hand of anti-Lewis elements within the C.I.O. who are urging Murray and Kennedy to reconsider their precipitate resignations in an effort to revive NDMB as an offset to more stringent, legislated labor controls.

• **Board Still Needed**—Other things which the President might have had in mind when he politely rejected the C.I.O. men's resignation was a conviction that a new labor law is still some time away and it will be necessary for NDMB to function in the meantime.

Prices Up to Senate

Toothless House measure leaves to upper branch the job of starting out from scratch in framing anti-inflation bill.

When Congress, in the fullness of time, enacts a price-control bill, it will be a better bill than the House passed last week. The best that can be said for the present tattered remnant of the Administration's original draft (BW—Nov. 8'41,p14) is that it has a number—H.R. 5990—and an enacting clause. Otherwise, the Senate will start practically from scratch in framing legislation that made its formal debut in politics last Aug. 1.

• **Backers of Inflation**—From the outset, farm and labor congressmen have, in effect, cast their votes for inflation. Their notion of price control is a bill to control the prices of everybody else. The Administration would have been glad to get that much, but the bill reported from the House Banking Committee Nov. 7 was stripped of adequate powers to control any prices whatever. And on Nov. 28 the House shipped a corpse to the Senate.

The cadaver itself is a testimonial to the generalship of Speaker Rayburn and Majority Leader McCormack. Had it not been for their efforts, the bill might still be in the House Banking Com-

mittee. Certainly it would have been buried in the powerful House Rules Committee where Cox and other anti-labor Southern Democrats held the Gore bill over the Administration's head.

• **Committee Problem**—The Rules Committee was bent on giving the right of way to the Gore bill, to freeze all prices and wages à la Baruch, or to no bill at all. By promising the Rules Committee that the House would get a chance to vote on anti-strike legislation (page 16), Rayburn dragged the Banking Committee's price bill to the floor. So far so good, but this didn't dispose of the Gore bill. Farmerites didn't want it. Laborites didn't want it, but it was thought a majority might stampede for this drastic measure with the idea of administering a coup de grâce to any price-control legislation. That hazard was escaped after much button-holing of the rank and file by Rayburn and McCormack. The Gore bill was ditched 218 to 63. The worst apprehension of the leaders was that the House would reject the Banking Committee's bill to which, bad as it was, its hopes were

pinned. To prevent such a disaster, Rayburn did not contest House adoption of an amendment by Wolcott, Michigan Republican, to kill a provision granting the Price Administrator power to issue and revoke licenses for the conduct of business subjected to price ceilings.

This provision had been eliminated from the Administration's bill by the Banking Committee, then restored by the same committee, in response to pressure by Administration leaders, before the bill was taken up on the floor.

• **Further Limitation**—Without protest from its leaders, the House eliminated another vital provision from the bill—authority for the Price Administrator to buy and sell commodities anywhere in the world in order to check inflationary increases in prices at home.

As a substitute, although it misses the mark, the House adopted a provision for purchase and sale of commodities in the domestic market deemed necessary to stimulate production by marginal or high-cost producers. Such transactions would be made by the "proper govern-



FIRST CAST STEEL TANK

While the War Department was busy denying reports last week that Nazi shells were making bullets out of rivets in American tanks by driving them inward against their crews ("no reports have been received from Libya criticizing the M-3 tanks as was reported in news despatches . . ."), American Locomotive Co. workers were putting the finishing touches on a pilot model of the "M-3A1," the "first American medium tank with a cast steel hull" and no rivets in its

superstructure (above). Meanwhile, Army Ordnance was announcing \$53,500,000 in commitments for new rivetless armor casting facilities, to be spread among five companies. Not only will the rounded contours of the M-3A1's cast hull deflect shells better than the riveted plates of the present M-3, but there will also be large production time savings. Eventually the M-3A1 is expected to supplant the M-3, but work is still going forward on an all-welded design, which will use conventional rolled and hardened armor steel plate.

mental agency" only by direction of the President when advised by the Price Administrator of the necessity for them.

● **Five-Man Board**—By another amendment, the Price Administrator's orders fixing ceiling prices on selected commodities are subject to review by a five-man board. Distrust of Leon Henderson on Capitol Hill and objection to placing "dictatorial powers" in his hands have abated considerably, but the Administration had tacitly accepted a five-man board in its anxiety lest the House recommit the bill to the hibernating Banking Committee.

Dispersal of administrative authority is not regarded as a great handicap, but the provision whereby the board could enforce its orders only by appeal to the courts is of fatal consequence. It means such orders would not become effective until the issues were adjudicated.

● **Wage Curb Beaten**—At a stage when it was felt that some provision for curbing wage increases might help the bill along, House leaders permitted talk to circulate that they would not oppose such a provision. When an amendment to this effect was offered independently, however, it was voted down 102 to 53.

The House likewise refused overwhelmingly to apply any greater restraint on inflation of farm-product prices than the one embodied in the very elastic provision that no ceilings shall be established which are lower than the highest of (1) a price equal to 110% of parity, (2) the market price prevailing Oct. 1, 1941, (3) the average price for the period 1919-29.

● **Out of Hand**—Politics played on both sides of the aisle during five days of debate soon demonstrated that the leadership couldn't hope to maintain any control over the subject-matter of the bill. Only by letting the House have its head did Speaker Rayburn finally bring the battered hulk into port.

Long before the vote of 224-161 on final passage it was apparent that the Administration would have to rebuild the bill in the Senate. In the Senate Banking Committee the Administration can expect the support of Glass, Barkley, Maloney, Radcliffe, Brown, Hughes, Herring, and possibly others.

● **New Series of Hearings**—Another series of hearings before the Senate Committee will precede the redrafting of the bill by the Senate Committee, however. The committee's bill will be pummeled on the floor during days, maybe weeks, of debate. But with strong committee support, lacking in the House, a fairly strong bill is expected to survive.

How much it will then be whittled down in reconciling differences with the House bill cannot be forecast. In the meantime, the parade of prices is marching up the hill with absolutely no chance that they can be marched down again, no matter how stiff price control legislation may be when it finally takes hold.

Managed by U.S.?

War Department's ouster of Air Associates head is notice to defense firms that Washington claims "banker's prerogatives."

What with priorities, limitations on output, government financing of plant expansion, price controls and so on, the independent business man is becoming something of a myth. Hundreds of operating decisions, normally the job of management, are now made in Washington (BW-Nov.29'41,p13). At no time, however, is the fictitiousness of the defense industries' independence more sharply pointed up than when the long arm of government reaches out, taps a businessman on the shoulder, and gestures with unmistakable thumb: "Outside! Resign, and let someone who knows how run your business."

● **Air Associates**—In only one case does the War Department admit having forced a change in the management of a defense contractor. The department says it insisted on the ouster of F. LeRoy Hill from the presidency of Air Associates—under Army operation since Oct. 30 as a result of labor difficulties. But it denies nominating Frederic G.

Coburn, the new president of the company. The department gives two grounds for its action. Hill's "inability to handle labor difficulties" resulted in a stoppage of production. And his financial management had brought the company to a state where it was unable to meet its current obligations, further endangering production. To put the company's finances back in shape, the War Department advanced \$500,000 to Air Associates.

● **Condition of Advance**—It was the second of these situations that directly resulted in Hill's leaving. As a condition of the advance, the department demanded from the board of directors "assurance of satisfactory management." The board asked for Hill's resignation.

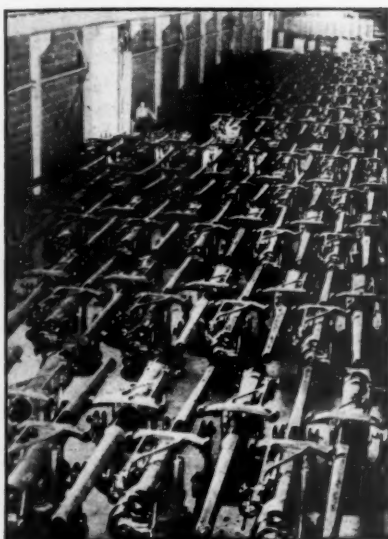
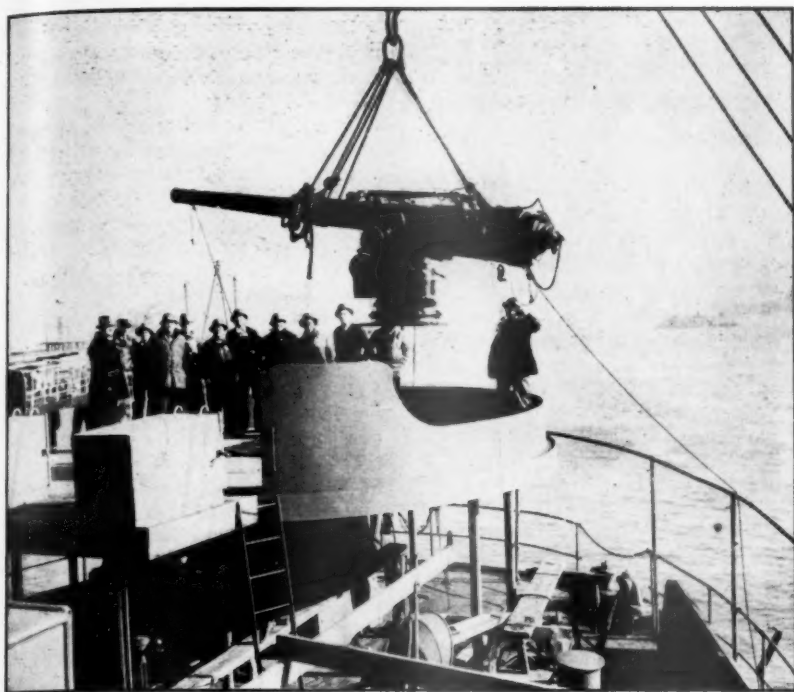
The department attempts to give a color of normality to the situation by pointing out that it merely "took the same measures that any bank would take under similar conditions." This is small comfort to firms holding 323 contracts amounting to \$5,000,000,000 on which the War Department is making advances—and potentially claiming the prerogatives of a banker.

● **Other Cases?**—Although the War Department depicts the Air Associates case as the only one of its kind, insiders in the aviation industry think that at least two other executives have heard the whistle of the War Depart-



Frederic G. Coburn, board chairman of McLellan Stores Co., New York—with his dog Bellone, above—replaces Frank Leroy Hill as president of Air Associates, Inc., Bendix, N. J. A graduate of the U. S. Naval Academy (1904), Mr. Coburn managed the naval aircraft factory in Philadelphia during

the World War, is a former president of the Aviation Corp. and American Airways, has been connected with the National Aviation Corp. and American Airplane and Engineering Corp. Army control of Air Associates is expected to be withdrawn soon after Mr. Coburn takes the helm.



ARMING MERCHANTMEN

At a Hoboken, N. J., dock last week the first American merchant vessel to be armed for service in the Atlantic under the revised Neutrality Law was fitted out with a deck gun (above), mounted on a specially built platform at the stern of the ship which also has emplacements for three anti-aircraft guns. The whole platform is encased in a steel wall about four feet high. Within the next few months, 1,200 ships are due to be armed, and a look at part of the guns awaiting distribution from the Philadelphia Navy Yard (left) is mute evidence that the job is ready to go right away.

pending transaction, Fleet is to "turn over management details to younger men" and become "adviser" to the two firms. The War Department and Fleet himself deny this interpretation.

Probably, however, the Army expects to find it easier to deal with "younger men" in buying the four-engine B-24 bombers from Consolidated (which also builds a line of patrol bombers for the Navy). Fleet is one of the few of the aviation pioneers who have lasted over into the era when flying is a business.

Auto Shutdown?

"Either we make cars or we don't," is ultimatum of industry, unable to get materials for its government-curtailed output.

The motor industry, reading its own horoscope for 1942, sees a sign: "There will be no autos for civilians after—." Of this much, the industry is reasonably certain; the only problem is filling in the date. The guesses run all the way from February to July. Main reason for the view that present car-building arrangements can not continue long is the materials supply situation.

Ceilings have been put on auto makers' output, but they have received no help in getting materials to build up to that output. While they can get the major bulk commodities that are needed, they are constantly pinched for relatively small quantities of specialized products—alloy steels for timing gears; bearing materials, axle forgings, etc.

This difficulty, with labor slowdowns as another handicap in some plants, cut passenger-car output for the first four months of the new model year to a point unofficially described as significantly below even the government-imposed quotas (BW—Nov. 29 '41, p. 17).

• **Threat Is Imminent**—Until a month or so ago, the motor manufacturers were able to put pressure on their suppliers. Tightening of the enforcement of OPM regulations under Donald Nelson has put an end to that, and now the absolute stoppage of deliveries of several essential parts appears to be only a few weeks away. When these parts are no longer available, there will be nothing to do but quit.

Last week the manufacturers decided to toss their collective problems back to OPM. Individual firms had already carried their troubles to the passenger-car subcommittee of OPM's Automotive, Transportation, and Farm Equipment branch, getting exactly nowhere. The raw-materials branches are reported willing to supply the material if the auto branch will O. K. it, but the latter is reported adamant. Leon Henderson, as head of Civilian Supply

ment ax—W. W. Kellett of Republic Aviation (BW—May 10 '41, p. 8) and Reuben Fleet of Consolidated Aircraft. And there's a strong suspicion that there have been government fingers in some other quiet changes of recent months.

Kellett, president of Republic until last spring, is a topnotch designer and technician, has no special reputation as a production man. Early this year Republic had some comparatively small orders for its interim pursuit design, the P-43, and was having difficulty getting into production on it. The company was worried by its failure to obtain mass-production size orders on its advanced design, P-47 "Thunderbolt."

• **Moved Upstairs**—In April, Kellett was moved upstairs to chairmanship of the board of directors, and Ralph S. Damon

was made president. Damon, a man with a long production background, came from a job as maintenance chief for American Airlines. Most aviation people were convinced that the shift was demanded by the Army as a condition for acceptance of the P-47, a view that seemed confirmed when a big order was forthcoming shortly thereafter.

Army flatly denies having anything to do with the shift, and it is unlikely that a bald demand was made. But few believe Republic directors needed to be mind readers to know what was wanted.

• **Army-Inspired?**—Purchase of Consolidated Aircraft by Vultee, "prematurely" announced last week, was promptly interpreted as an Army-inspired move to eliminate President Fleet of Consolidated from active management. In the

Division, to which the auto branch belongs, has flatly forbidden his branches to promise material to any civilian producer. In consequence, the automobile people are ready to force a showdown on the question: Do we build them or don't we?

Influencing the attitude of the manufacturers is the fact that their prices will soon be held down by Henderson's OPA (BW - Nov. 29 '41, p17). Regardless of the present issue, they see rising costs as production quotas decrease, with the likelihood that it will soon be just about as profitable to build tanks as to build cars. However, the maintenance of dealer organizations is an argument for continued production if possible.

• **Labor Angle**—One hope seen by the manufacturers lies in the labor aspect of the problem. They are relying on Hillman to tell Henderson that he can't throw whole sections of the U.A.W. out of work; that there must be a lot more defense work lined up in Detroit before a shutdown can be permitted.

Car-less Dealers?

Service and parts looming as life-savers for sellers of autos, if production halts. Wild trades have already disappeared.

L. C. Cargile, proprietor of the Chevrolet agency in Texarkana, Ark., is probably the busiest of all Arkansas travelers. Reason is that his job as president of the National Automobile Dealers Assn. keeps him shuttling between Detroit and Washington—from car makers to lawmakers—at a great rate. Last month, the country's auto dealers listened attentively when Cargile told them that they should prepare to survive without any cars to sell—in case the manufacturers try to get their production in early and quit for a while.

• **How Soon?**—Nobody is so bold right now as to predict publicly the day or even the month when the auto industry

may be expected to call "quitting time." But nearly everyone who walks into a dealer's showroom asks, "What are you folks going to do?"

The right answer, of course, depends on the dealer. Consensus among both dealers and manufacturers is that wholesale closings of old-established dealerships is highly improbable because the three stepchildren of the trade—service, parts, and accessories—are about to assume a life-saving rôle.

• **In Best Position**—Of the 40,000 new and used car dealers in the United States, those in best position to weather a prolonged period of curtailed auto production, according to unbiased authorities, are dealers in medium to small sized communities, which, as a class, went in heavily for collateral lines during the tough times a decade ago.

Those who have held on to their lines of tires, radios, batteries, gasoline and oil super-service, are practically sure of bread and butter today. On the other hand, dealers who depend exclusively on new and used car sales for total income are already beginning to disappear from the scene.

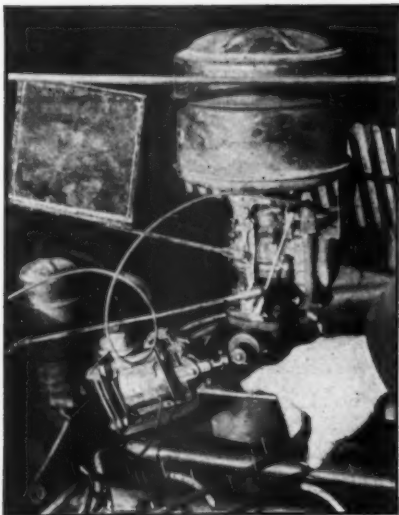
• **Canceled Out**—Always sensitive to curtailed production are thousands of small associate dealers who operate in tiny showrooms, or often in alley garages, with one demonstrator—the boss's personal car. Hundreds of associates have been quietly canceled out during the past two months by distributors who feel they must look out for No. 1.

Despite promises from other well-meaning distributors to their associates, local papers everywhere are carrying business notices to the effect that Joe Doakes, former owner of Doakes Motor Co. has joined (Joe doesn't care to be "associated with" anybody anymore) the Blank Insurance Agency, or that Joe Doakes will be glad to meet his old friends at his new super-service station.

• **Weeding-Out Process**—If statistics of dealer mortality in Chicago during the third quarter of this year are indicative of the national trend, manufacturers and distributors evidently started a weeding-out process while new cars were plentiful. For the three months ending Sept. 30, registrations in Cook county were 35% better than a year ago, yet 29 dealers either quit or were canceled out compared to 15 in the same period last year. Twenty-six of the dealers involved went out of the new car business entirely; only eight appointments were made.

If 20% to 25% of the nation's dealerships are closed by the end of next year, which is the guess of several men prominent in automotive circles, they will be mostly small outlets representing less than 10% of the normal sales-producing capacity of the trade.

• **Service Demand**—With each successive curtailment order affecting automobile production, the demand for me-



AUTOMATIC TRAFFIC COP

Cars, trucks, and buses will all be slowed down automatically at dangerous highway curves and crossings if Inventor Leroy M. E. Clausing of Chicago has his way. Attached to a stop sign (above) is an experimental radio transmitter which sends out automatic signals to a compact receiver mounted under the hood of an auto (left). The receiver closes the butterfly valve of the carburetor, and "engine drag" slows the car. The transmitter can be adjusted so that its radio field is directed at only one side of a highway, permitting traffic to flow the other way without interference.

The Boss admitted his conscience hurt him!



- "You know how Bosses are!
- "Mine tries to act pretty hard-boiled — but the other day he broke down and admitted his conscience hurt him, for loading so much figure work on me. Said I'd done a wonderful job, and all.
- "And then my conscience hurt *me* — because I didn't tell him that with that new Model M Comptometer, it wasn't any trick at all to turn out all that extra work in record time! I didn't explain how the Comptometer's exclusive Controlled-Key safeguard eliminates operating errors, and how the no-glare answer dials, and the elimination of answer-dial zeros that aren't part of the actual answer, make correct answer-reading easier and faster! In fact, I didn't tell him about *any* of the Comptometer's exclusive advantages!
- "I figure I might as well take the credit now — because he'll find out soon enough that the Comptometer handles *more figure work in less time at lower cost!*"



• MAY a Comptometer Co. representative show you — in your own office, on your own work — how Comptometer adding-calculating *machines* and *methods* can effect worth-while economies in the handling of your figure work?

• Telephone him . . . or, if you prefer, write to Felt & Tarrant Mfg. Co., 1733 N. Paulina St., Chicago, Ill.

COMPTOMETER

REG. U. S. PAT. OFF.

ADDING-CALCULATING MACHINES

THE REUTHER PLAN—UP FOR A REVIVAL

Alex Taub, British-American automotive engineer, has been startling Washington acquaintances lately by telling them that 70% of existing auto-manufacturing machinery can be converted to defense production. Last spring, when the Reuther plan for converting auto plants was a hot issue, the industry and Knudsen were putting the figure nearer 15%. Now Taub has been told to show that his theories are practical; he is to head the new Conversion Section in Floyd Odlum's Division of Contract Distribution.

Taub is assigned to all convertible industries, but his background is automotive, and that field is ripe for quick results. Auto firms are getting sick of the headaches of civilian production without ratings (page 19) and are interested in conversion.

Born in England, Taub is a naturalized citizen, has been an engineer for Ford, Packard, and General Motors. In 1939 and '40 he was on the British Mechanization Board for tanks and trucks, then returned to this



country with the British Air Commission. He is a protégé of Sidney Hillman—ardent supporter of the Reuther plan—and recently has been a consultant to the Labor Division.

chanical service for 33,000,000 cars and trucks now in use automatically increases. Last year, owners spent for maintenance—including tires, batteries, and accessories—approximately two billion dollars.

Next year the bill will be considerably higher because of (1) increased cost of parts and labor, (2) more frequent check-ups as insurance against breakdowns which might necessitate abnormally long waits for parts, and (3) the patching up, for the duration, of an undetermined number of junkers which would normally be among the 2,600,000 jalopies scrapped annually.

• **Defense Angle**—Watch for dealers' newspaper and direct mail advertising which will attempt to make car owners feel slightly unpatriotic if they don't keep their cars in tip-top shape. National defense, you know.

An eleventh-hour scramble for parts, shop-tools, and retreading molds by thousands of dealers who knew months ago that their new car sales would be cut in half, at least, next year, prompts the question: Why had they neglected their service departments until now? There is only one logical answer and it is simple, according to Sam Shapiro, manager of the Chicago Automobile Trade Assn., "Most automobile dealers like to sell new cars better than anything else."

• **What Service Means**—Importance of service departments even in normal times is shown in a survey of 68 Chicago dealers' operations by C.A.T.A., an organization that won the 1941 Van der Vries award (offered by the National

Assn. for Trade and Organization Executives) for outstanding accomplishment in the promotion of business management among motor vehicle dealers. Although service sales accounted for only 15% of total sales (including new and used cars), the resulting gross margin of service departments was (in 1940) 37%.

These figures check closely with results of a N.A.D.A. national survey: 17.4% service sales produced 38.3% gross margin. Average total expenses absorbed by service income, according to the Chicago survey, was 49.5%.

• **Profits vs. Volume**—Shapiro's staff, which includes accountants to audit member-dealers' books and a business management consultant, J. B. Van Tassel, does not always see eye to eye with sales engineers sent to Chicago as emissaries of motor car manufacturers. C.A.T.A. has a long list of testimonials from members to prove that increased sales volume and dealer profits, or increased volume and sound operating practices, are not necessarily related in a positive manner; sometimes are in inverse ratio to each other.

Whether dealers can be accused of hoarding cars today, or manufacturers charged with loading up dealers, depends largely on point of view. Recent reports indicate that in October dealers acquired from manufacturers approximately 55% more cars than they sold, whereas a year ago their purchases were only 12% more than sales.

• **Ready, with Cash**—When occasional complaints of overstocking are heard nowadays, there usually follows a mad

scramble of same-line dealers, coming to the rescue with cash. Most overstocking complaints are because of unwanted body styles. Dealer-to-dealer swaps have always been customary when one happened to have on hand a particular body style that another needed, but today the trade is hearing of complicated chess-like swaps involving as many as six dealers.

Starting out with a new dump-truck, a Ford dealer may come back from a one-day tour of a half-dozen other Ford outlets, in nearby communities, driving a de luxe station wagon for which he has an eager buyer. On his circuit, he may have traded in and out five other new cars. One long-distance dealer-to-dealer transaction this month involved the sale of 25 new trucks by an Alabama Ford dealer for delivery in Topeka, Kan., at a bonus of \$25 over wholesale cost.

• **Sellers' Market Seen**—If automobile manufacturers are fearful for their dealers over possibility of hoarding charges coming from defense authorities in Washington, most local trade associations, on the other hand, are urging dealers either to make every new car deal a profitable one or to hold on to stocks until February when, they insist, a sellers' market is a certainty.

The present situation has corrected one economic evil which manufacturers aided and abetted. No more wild trades for the sake of boosting price-class registrations. Every Chevrolet, Ford, and Plymouth dealer who used to battle each month for the lead in county registrations is now willing to take the profits and let the prestige go. Last year, the national average loss per dealer on used-car transactions was \$11,000 according to an N.A.D.A. survey; in 1939, \$8,600.

• **"How Many Last Year?"**—One story illustrative of manufacturer solicitude for dealers has it that the Federal Bureau of Investigation recently long-distanced the general sales manager of one of the big motor companies to order 100 new cars, "Rush." The sales manager, pretending he didn't know, asked, "How many cars did you buy from us last year?"

"None," said F.B.I.

"Then your quota for next year will be 50% of that amount."

Organized dealer opposition to the government's anti-inflationary program is in the making. Representatives of associations from eleven western states met in San Francisco Nov. 11 and decided to carry their fight for modification of instalment terms (one-third down; balance within 18 months) to the national convention of the N.A.D.A. at Chicago in January.

• **Discrimination Charged**—The western dealers claim that the instalment terms are discriminatory, since a new car delivered at a Pacific Coast point will cost the buyer about \$125 more than the

How high is up?

People sometimes come to us and say something like this: "I make \$40 a week. How much life insurance should I own?"

We wish we could answer that question. But, frankly, it is a little like asking: "How high is up?" or "How long is a piece of string?" The only answer we know is: "It depends."

The amount of life insurance a man should own depends on a great many things. Each man's case is a strictly individual problem. For example: Is he married? How many children has he? How old are his children? Has he other dependents? Does he own a home? Is it mortgaged? What is his occupation? What are his other assets?

If a man is not married, he may not require so much protection as a man making the same income who is married and has four children. A man who owns a home may want to provide additional insurance to enable his widow to pay off a mortgage. These and a great many other considerations make it impossible to lay down any one rule or set forth statistics governing how much life insurance any particular man should own.

An average figure should never be taken as a guide in determining the insurance needs of any given individual. For instance, one man may find that a certain per cent of his income will buy the kind and amount of life insurance that he should own, under his circumstances. His neighbor, on the other hand, may find that this same per cent of income provides more than adequate protection.

That is why the question: "How much life insurance should I own?" can be answered intelligently only after a trained, experienced life insurance agent has made a conscientious study of each individual problem.

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This is Number 44 in a series of advertisements designed to give the public a clearer understanding of how a life insurance company operates. Copies of preceding advertisements in this series will be mailed upon request.

Metropolitan Life Insurance Company (A MUTUAL COMPANY)

Frederick H. Ecker, CHAIRMAN OF THE BOARD
Leroy A. Lincoln, PRESIDENT

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Defense Business Checklist

• **Chromium**—No alloy steel containing 4% or more of chromium may be delivered or processed except to meet an order carrying a priority rating of A-10 or better, under preference order, M-21-a.

Manufacturers of chromium-bearing chemicals from chromium ore are required, under order M-18-a, to hold the total weight of chromium oxide contained in their product in any month to one-twelfth of the amount used during the year ending June 30, 1941.

The new order requires processors or dealers buying chromium to file an application form, PD-53b, with their producer, and to file a duplicate with OPM, by 25th of month preceding delivery.

• **Zinc**—New maximum prices for zinc sheet, strip, and plates have been established by OPA to allow for the recent 1% increase in slab zinc prices. They allow a differential of 4.9¢ for sheet and 4¢ for strip above prime western zinc.

Pool zinc, which zinc producers must set aside for allocation by the Priorities Division, is set for December at 29% of August output, a reduction of 2% from the November pool.

• **Foil**—The Priorities Division has suspended for 30 days last week's order on lead and tin foil. The order would have immediately restricted manufacture of foil, forbidden manufacture after Jan. 12, and use after March 15. The order will be restudied.

• **Scrap**—Amendment of Price Schedule 4 for iron and steel scrap raises the San Francisco and Los Angeles basing point prices of open-hearth grades by \$2.50 a ton. Also, a shipping-point price of at least \$12 may be paid for No. 2 heavy melting steel scrap anywhere in California, with a similar privilege on other grades at the usual differentials.

As regards steel-making grades only, Oregon is defined as a "remote scrap area." Pittsburgh, Calif., is established as a new basing point with the same prices for all grades as at San Francisco. Portland, Ore., is eliminated as a basing point for steel-making grades of scrap.

San Francisco and Los Angeles price of No. 1 cupola cast iron scrap is raised \$1.50, and the differentials for other grades established at St. Louis are made applicable at these basing points.

• **Containers**—Preference Rating Order P-79 has been issued through the containers branch of OPM to manufacturers of wood and paperboard barrels and containers who are on its lists and is available to others on application. Order gives a rating of A-8 to orders for wire and A-5 on other iron and steel items, including nails, tools, etc.

• **Millwork and Lumber**—Manufacturers' prices of Douglas fir doors are subjected to a price ceiling (No. 44) about 15% below current levels, effective Dec. 10. Discount from standard list is set at 72%

for No. 1 doors, 73% for No. 2, and 74% for No. 3.

Pending imposition of a formal ceiling on Western pine doors, door frames, sash, window frames, and screens, individual OPA agreements have been made with manufacturers to stabilize prices at about the level of late August.

• **Paper and Pulp**—OPA is working out individual agreements with Kraft paper jobbers to reduce markups below present levels.

Existing individual agreements governing wood pulp have been extended to maintain prices at existing levels through first quarter of 1942. The extended agreements also cover export and lease prices. The new lease-lend price—lower than that recently prevailing—will be the Atlantic seaboard base price, less average freight from the producing mill to its domestic customers during the past three months, plus actual freight from mill to port of shipment. Export price will be net mill realization price on domestic sales plus actual export costs.

OPA has asked makers of writing, book, and printing papers other than newsprint to notify it before raising prices.

• **Roofing**—Manufacturers' prices of asphalt and tarred roofing products are reduced 5%-10% by price schedule 45, effective Dec. 12. Specific prices for all standard products, using accepted basing points, are established for the East. Delivered prices in seven western states are frozen at July 2 levels, pending a survey.

• **Appliances**—Vacuum-cleaner manufacturers with average monthly factory sales of 5,200 or over during the year are ordered by OPM (Limitation Order L-18) to reduce production during the Oct. 1-Dec. 3 period to a rate 10% less than the average monthly rate during the year ending June 30, 1941, or to 15,600 units, whichever is greater. Smaller manufacturers may not produce more than three times the monthly average during the year ending June 30.

OPA has asked producers of small household electrical appliances—irons, fans, shavers, etc.—not to advance prices above Nov. 1 levels.

• **P. S.**—Extended to Dec. 31 from the original Nov. 30 expiration date are General Preference Orders M-21 establishing priorities on steel; M-17, pig iron; M-11a, alloy steels; M-21-lb, steel warehouses; and Preference Rating Order P-31, assigning a rating to manufacturers of foundry equipment. . . . The allocation pool which lead refiners must set aside each month is set for December at 15% of output, same percentage as in November. . . . Prices of organic and inorganic dry colors have been frozen until Jan. 1 at levels quoted by a majority of producers on Oct. 1, under individual agreements with producers. Exception is Peacock blue, to be sold by each producer at his own Oct. 1 price.

same car delivered in the midwest, thus making the required down payment correspondingly higher.

Though public sympathy these days is directed toward new-car dealers, it is the exclusive used-car merchant who will be in a very bad way if new-car production declines much more. New-car dealers are for the first time in automobile history making a profit on used-car operations (\$100 net on each used-car deal will be the goal through 1942 for many large dealers). Hence, no more wholesale deals with the used-car people. Without a supply of late-model used cars the customary trading-up deals with owners of jalopies have slowed down. Most used-car men have no service departments to fall back on. And if new-car production should be completely stopped, the supply of used cars in the United States would be exhausted within 60 days, it is figured.

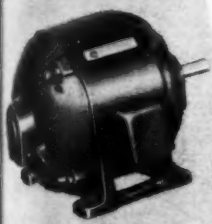
• **Gross-Profit Insurance**—Fire-insurance salesmen are giving dealers a thought for the day: What if your stock of new cars (there are some whopping big stocks in storage) would burn? You could collect your actual cost on the loss but not your normal profit, nor could you replace the stock under present circumstances. The answer, the insurance salesman gladly explains, is gross-profit insurance, another name for use and occupancy coverage.

Only a few dealers know by what a narrow margin a crisis was recently averted in the auto-parts field—the bread-and-butter end of the dealer business today. According to a reliable source, OPM claimed to have information that dealers were hoarding parts, and was about to order a sharp curtailment in parts production destined for dealer's stocks. OPM information was that parts stocks were 30% above the June 1 status; officials of N.A.D.A. asked for time; surveyed the industry and convinced OPM that stocks were actually 30% under the June 1 level. Best opinions today are that auto-parts production for dealers will increase rather than decrease.

• **Keeping Them Rolling**—If automobile manufacturers have their way dealers will get parts—all they need—not only because parts are the life-blood of the retail trade today but also because, when the emergency has passed, a manufacturer's best argument in rebuilding a dealer organization will be: "We kept our cars rolling through it all, didn't we?"

Tire manufacturers generally are not granting additional dealer franchises because of the tightness of the rubber supply situation and because of their policy of protecting present outlets. However, Allied Motors, Inc., of Kansas City, distributor of Chrysler parts and accessories in Kansas and western Missouri, has newly taken the Miller tire franchise for the same territory. The supposition is that Chrysler dealers are to get first refusal of local Miller dealerships in Allied Motors' territory.

**SEE HOW
EXTRA PROTECTION
Runs in the Family**



Tri-Clad polyphase motor for general-purpose service



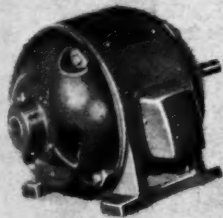
Tri-Clad ball-bearing motor for thrust loads, angular mounting



Tri-Clad splashproof motor for use in wet locations



Tri-Clad motor for use in the vertical position



Tri-Clad capacitor-motor for single-phase service



Tri-Clad gear-motor for low-speed direct or pinion drive



Tri-Clad motor with face-type end shield for close-coupled use



Tri-Clad motor flange-type end shield

NOW *TRI CLAD* MOTORS
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MEET A WIDER RANGE OF APPLICATIONS

Month by month, rating by rating, General Electric has been steadily extending the *extra protection* features* of the open, horizontal Tri-Clad motor to many other motors in its a-c line. As a result, you can now choose most of your motors from this still-growing Tri-Clad motor family and, no matter which type you select, you'll find that because of its Tri-Clad "family features" it will give you excellent performance in a

wider range of jobs. Call our local office or write for up-to-the-minute information on Tri-Clad sizes and ratings now available. *General Electric Company, Schenectady, N. Y.*

*Extra protection against physical damage, electrical breakdown, and operating wear and tear.

BUILT FOR PROTECTION FIRST . . . TO LAST!

GENERAL  ELECTRIC

Retreaders' Boom

Resoling is no longer tire industry's black sheep but an important means of conserving rubber and holding customers.

Once the black sheep of the rubber industry, the business of renovating worn tires has become a "fair-haired boy" in 1941. Retreading is heading toward the biggest year in its rather obscure history. Not only has the retreading of tires won official government favor, but the staid Rubber Manufacturers Assn. also has endorsed the technique as a means of conserving rubber and retaining customers for new tires.

Nine months' sales of camelback—the humped strips of rubber used in the retreading process—were 41% ahead of the same period last year. Trade observers predict that the year's sales will hit 60,000,000 lb., compared to about 46,900,000 lb. last year when some 5,800,000 to 6,000,000 worn tires were retreaded.

- **Probably 7,500,000 Tires**—Even allowing for a greater average poundage of camelback per retread, because of the gains in truck tire resoling, it is likely that the nation's 4,500 retreading shops will run 7,500,000 tires through their molds this year.

Prime factors in the improved retreading picture are the increase in trucking activity and the higher level of new tire prices. With tire manufacturers concentrating on the production of the first and second lines of quality grade tires, retreading establishments have had little competition from low-priced new tires this year.

- **Resoling vs. Replacement**—To understand the retreading trade's status in the rubber industry, it must be remembered that every resoled tire kills the sale of a new replacement casing—and the firms manufacturing replacement tires also are the major suppliers of camelback. Actually 30-odd tire firms and 15 other rubber companies manufacture the material, but fully 75% of the total poundage rolls out of the mills of 14 companies headed by Firestone, U. S. Rubber, B. F. Goodrich, General, Mohawk, and Goodyear.

That's why some retreaders feared a shortage of camelback would result under OPM's rubber conservation program, suspecting that tire manufacturers would divert their allotments of crude rubber to other civilian uses at the expense of camelback. But the camelback sales gains, contrasted with the increase of only 18.3% in nine months' replacement tire sales over 1940, indicates fears were unfounded.

- **Conservation Factor**—Recently a Department of Commerce official wrote,

"From the standpoint of national conservation of rubber, there would be logic in allowing priority production of camelback for tire retreading while restricting output of new tires for civilians."

To date, however, efforts to obtain a priority status for camelback and retreading equipment have been unsuccessful, although OPM has given some of the smaller firms, specializing in making the material, additional rubber allocations.

Biggest boost for the retreading trade came when the Quartermaster General's office of the War Department recently recommended the general adoption of retreading for all its own requirements after Army tests showed that retreads gave 80% of the service of a new tire at about 40% of the cost and 40% of the rubber consumption.

- **In Terms of Pounds**—Whereas a new 6.00-16 four-ply size automobile tire, weighing about 21 lb., contains 10.5 lb. of crude rubber, the same size casing can be resoled with 7½ lb. of camelback. Even greater savings are possible in truck tires, which contain large quantities of crude rubber.

- **Retreading's Potentialities**—The retreading trade estimates that its output

could be doubled without greatly taxing its mold equipment capacity. A jump from 6,000,000 retreads annually to 12,000,000 would conserve more than 20,000 long tons of rubber at an average of eight pounds per retread, a recent theoretical analysis showed.

Meanwhile, the trade, unbothered by low-priced new tires, is continuing its emphasis on quality retreading. Fully 60% of the camelback sold this year is first line, priced at 28¢ a pound and used primarily for resoling truck tires in high-speed, heavy-load service. The second line at 23¢ accounted for about 32% of the sales.

Bid Crackdown

D. of J., guarding against price collusion on defense bids, obtains indictments charging hat firms, unions with conspiracy.

Defense is costing Uncle Sam plenty, but he doesn't intend to let it cost him any more than he thinks it should. In fact, the Department of Justice has



NO-STRIKE PLEDGE

American Car & Foundry Co.'s Berwick, Pa., plant was plastered with signs this week saying, "S.W.O.C. Union in this Plant Is Pledged Against Strikes." Giving the Steel Workers Organizing Committee credit for "this forward step in labor's co-operation with the defense program," the company took the opportunity to publicize its harmonious union relations. The building of light combat tanks was pioneered at A.C.F.'s Ber-

wick works. Through what it calls "uninterrupted work on the part of its employees," the company has arrived at a production figure of more than 400 tanks a month.

As a result of A.C.F.'s response to the S.W.O.C. local's action in pledging no strikes, S.W.O.C. headquarters is planning to propose that all its locals sound out employers with whom they have contractual relations, with a view to duplicating the A.C.F. stunt in all steel-making and steel-fabricating plants.

Drive America's stand-out style car and save plenty every mile



Illustrated: Studebaker Skyway Series Commander Land Cruiser, \$1243 delivered at factory*, Federal tax included.

MANY motorists who want to drive the best there is—and save while doing so—are finding it advantageous to put their new-car money into this beautifully flight-streamed Skyway Studebaker Commander that famous Raymond Loewy has designed.

For all its distinction, this big, powerful, brilliant-performing Studebaker is remarkably low in first cost—and it saves you money on gasoline and oil every mile you drive it, thanks to Studebaker's unique engineering

formula that eliminates burdensome excess bulk.

What's more, the most painstaking craftsmen in the motor car industry give this Commander an ability to take the worst and come up smiling—and this means a minimum of expense for mechanical upkeep and repairs.

But we must remind you that, due to restricted production, the available quantity of these Skyway Series Commanders is none too plentiful. So you'd better see your local

Studebaker dealer now and arrange to turn in your old car as part payment on a money-saving new Commander. C.I.T. terms, if you wish.

Commander prices begin at \$1108. *These are delivered prices at factory, South Bend, Indiana, as of November 27, 1941. Federal tax included. Prices and specifications subject to change without notice—but Studebaker quality will remain constant.

FOR AMERICA'S DEFENSE

Studebaker is building an unlimited quantity of airplane engines, military trucks and other matériel



New 1942 Skyway Series

STUDEBAKER COMMANDER

served notice that it stands ready to crack down immediately and hard on anything that looks to it like price-rigging or collusion on defense contract bids.

• **Antitrust Action**—First concrete evidence of that policy are the indictments handed down by a Philadelphia grand jury last week charging a conspiracy to fix prices, in violation of the Sherman Antitrust Act, on Army field hats. It was also the department's first action involving purely defense business.

Investigation leading up to the indictments followed complaint, according to the D. of J., by Under Secretary of War Patterson (the Office of Price Administration was not involved). Specifically, the indictments charge 16 manufacturing companies, five labor unions, and five labor-union officials not only with a conspiracy to fix prices, but also with conspiring to limit and restrict quantities of hats upon which each manufacturer could bid.

• **History of the Case**—To date, the War Department has ordered some 6,000,000 summer field hats for the Army. First contracts for 2,000,000 were awarded last February and quotations for similar quantities were asked in June, then again in September.

In June, the indictments charge, out of a total of 46 bids, 21 were for an identical gross price of 65¢ per hat. Those were rejected. Other bids at the same time quoted a variety of prices. At that point, the War Department began looking into the matter, according to D. of J. men. In September, when quotations were again asked, prices were as much as 25¢ per hat lower in some cases. The Department of Justice also charges (1) that certain of the defendant manufacturers and labor union officials met in New York, before bids were asked in June, to fix prices and to establish quantities on which each would submit prices; (2) that hat manufacturers in other states were informed of the agreement by union officials and agreed to participate.

Hat manufacturers and union officials tell a different story. In the first place, they claim the indictments were just as much a surprise to the War Department as to them.

• **Uniform Cost Determination**—Again, they contend that the uniformity of bids was an inevitable result of the War Department's effort to straighten out confusion which in the early days of the program threatened to undermine all defense bidding. At that time, hat manufacturers, like manufacturers in other industries, did not fully understand Army specifications and, as a result, bids ranged from 22¢ per hat to \$1.45. Conferences with Army officials about specifications and bidding practices inevitably eliminated many irresponsible bidders and led to a uniformity of cost determination and practices.



FROM THE GERMAN

The *Glockenspiel*, long an earmark of European military bands—and particularly the German—is now making its debut in the U.S. Army. It isn't called the *Glockenspiel* though. To the Quartermaster Corps, which recently bought 83 of the instruments to replace the conventional chromatic bells (now hard to get) in Army bands—they're known as Bell Lyras.

Certified Aid

OPM lists defense awards of \$30,000,000 to alleviate priorities disemployment. Muskegon to get help.

Muskegon, Mich.—auto-parts manufacturing center—is the latest city to be certified by OPM to the War and Navy Departments for preferential treatment in the award of defense contracts because of priorities disemployment.

• **Big Drop in October**—Why OPM's Labor and Contract Distribution Divisions have recommended first aid can be seen from the statistics: Normal employment in the city's urban area normally runs about 23,600 workers; in October, employment in 50 plants dropped 4,000. Companies associated with the auto industry in the town normally account for about 40% of the total normal employment; by Dec. 31, OPM estimates that the number of workers employed by these plants will drop from 9,176 to 7,005.

As a result of certification under the much-publicized OPM-War-Navy system for aiding such towns (BW—Nov.

1'41,p36) and as a result of pre-certification surveys of the town's manufacturing facilities, Muskegon manufacturers will be given special attention when it comes to awarding defense contracts for airplane, tank, tractor, and truck engines; bomb flares; gun mounts and turrets; tank treads; gas mask parts; airplane instrument panels; metalworking; wood-working; painting; iron and steel casting; and plastic molding.

• **List to Date**—All told, 10 other industrial cities and one entire industry—the washer and ironer industry (BW—Oct. 25'41,p7)—have been certified for similar preferential treatment since the system was set up in September (BW—Sep. 13'41,p15).

In a statement before the House committee investigating national defense migration, Peter R. Nehemkis, Jr., special assistant in OPM's Contract Distribution Division, last week revealed that defense contracts totaling about \$30,000,000 have been awarded by the Army and Navy under the plan.

• **The Breakdown**—In Evansville, Ind., seven companies have been awarded Army and Navy prime contracts totaling \$1,334,695. In Greenville, Mich., one company—the Gibson Electric Co.—holds an Army contract for \$559,818. Four Mansfield, Ohio, manufacturers and an undisclosed number of subcontractors, have been awarded contracts totaling \$6,900,952.

In Kenosha and Racine, Wis., 16 companies hold contracts totaling \$4,859,469. In Manitowoc, Wis., four companies hold orders for \$596,473. In Grand Rapids, Mich., seven manufacturers and an undisclosed number of companies working on Navy orders hold contracts totaling \$311,195.

• **Move TNT Plant**—In Meadville, Pa.—the "zipper" town (BW—Sep. 27'41,p44)—Talon, Inc., has received one Army contract for \$8,875 since the program began. But since the award of that contract, Army officials have announced that its Keystone Ordnance Works for the manufacture of TNT from toluene will be constructed at Geneva, Pa., near Meadville, instead of Brownsville, Pa. This plant, which will cost several million dollars, will employ about 2,000 workers a day on a three-shift basis—many of them from Meadville.

Two certified towns—Eatonton, Ga., and Ripon, Wis.—still have not received contracts, although some are under negotiation.

• **Industry Awards**—Figures on contracts awarded to firms in the washer and ironer industry show that three contracts totaling \$12,966,360 have been awarded to three major manufacturers—Apex Electric Mfg. Co., Cleveland; Easy Washer Co., Syracuse; The 1900 Corp., St. Joseph, Mich.—with an agreement that subcontracting will be done only with the 31 other individual firms that comprise the washer-ironer group. Two

other manufacturers in the industry—Appliance Manufacturing Co., Alliance, Ohio, and Lovell Manufacturing Co., Erie, Pa.—have also been awarded prime contracts totaling \$819,260.

Ethyl Rationed

Allocations to refiners are now proportional to deliveries in year ended Nov. 15, a cut in view of higher demand for gas.

As Uncle Sam tightens down on prime materials, manufacturers in turn tighten down on supplies to customers. Ethyl Gasoline Corp. recently joined the list of key companies which are rationing out their products (BW—Nov. 29'41, p19). Ethyl's basis for allocating to customers is the tetraethyl lead supplied to individual refiners during the year ending Nov. 15. And Ethyl hopes to deliver an equal amount during the year ending Nov. 15, 1942.

● **Actually a Reduction**—In effect this is a cut, since current gasoline demand is up. The U. S. Bureau of Mines estimates that buying during December will be 12½% above the same 1940 month.

Ethyl's move was caused, not by prospects of huge increases for high-test aviation fuel, but by the outlook in supplies of chemicals which it buys. The company (jointly owned by General Motors and Standard Oil of N. J.) put together its antiknock blending agent by combining metallic lead, alcohol, chlorine with an aluminum catalyst.

● **Company's Problems**—Supplies of these materials are allocated to Ethyl. Since a shortage of any one would block the ethyl formula, the company's problem is not only to keep adequate stocks available but to keep a balanced supply of all ingredients. Anxiety over aluminum has led Ethyl chemists to develop a substitute catalyst.

Ethyl's present production is less than 75% of capacity. Hence the company isn't frightened by the government's plan to boost output of 100-octane aviation gasoline from the present 40,000 bbl. daily, to 126,000 daily in 1943. Normally aviation provides less than one-tenth of total ethyl demand. The expansion program might raise the proportion of airplane gasoline to one-fifth but this could be supplied from surplus capacity.

● **Effect on Public**—Since many of the new automobile engines are designed to run on premium gasolines of 80-octane or more, the rationing of ethyl lead affects the motoring public. Some refiners welcome the allocation move since they consider that the high-octane idea has been over-sold. They say a little knocking on hills for the duration won't hurt anybody.



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Agrol Aftermath

Atchison (Kan.) plant now being revamped by new owner for production of grain alcohol to help meet defense needs.

The ghost of chemurgy's noblest (and costliest) experiment is about to walk again. Next month, the Chemical Foundation's former alky-gas plant at Atchison, Kan. will be reopened, not in behalf of oppressed agriculture this time, but in the name of national defense.

• **Idle Since 1938**—The plant has been closed and in receivership since 1938, when the management of the Atchison Agrol Co. (subsidiary of Chemical Foundation) discovered—after sinking a half-million dollars—that alcohol and gasoline couldn't be mixed, profitably (BW—Sep. 9'39, p24). The facilities will now be used to produce grain alcohol for defense uses.

Until last week, Cloyd L. Cray, Detroit investment banker who purchased the Atchison plant at a receiver's sale for \$75,000, was undecided whether to renew operations in Atchison or to dismantle the plant and ship the equipment (now almost impossible to obtain) to Michigan, to increase the output of the Trenton Valley Distilling Co. Final plans call for resumption at the old stand after complete overhauling which will enable the plant to produce 8,500 gal. of anhydrous alcohol daily.

• **Never a Threat**—During the two and one-half years of Atchison Agrol's existence, 15,000,000 gal. of gasoline purchased from Kansas refineries were blended with a 5% or 10% portion of alcohol made from farm products such as corn, Jerusalem artichokes, and grain sorghums. Sold largely through farm co-ops the alky-gas, Agrol, was never a serious threat to regular leaded gasoline. In addition to the antiknock qualities claimed for Agrol, farmers were told that it was the logical answer to the problem of farm crop surpluses since farmers would actually be raising their own tractor fuel, or part of it. Confronted with the choice of paying 15¢ premium on ten gallons of Agrol or buying regular gas and leaving the worries of surplus crops to Henry Wallace, then Secretary of Agriculture, most midwestern farmers chose the latter alternative.

• **Government Tests**—The plant closed soon after Surplus Commodity Corp. refused to turn over to the Agrol concern several hundred bushels of corn at 28¢—a figure which the Agrol management claimed would enable it to show an operating profit. Demurring, Milo Perkins declared that so much contro-

versy surrounded the economics of alky-gas that the government would prefer to await actual tests at the U. S. Department of Agriculture's pilot plant at Peoria, Ill.

The management of the revamped Atchison distillery will use considerable amounts of the grain sorghums—such as kaffir corn, milo, sargo—which were used extensively by the Agrol research department when drought conditions made corn scarce in the Missouri river valley.

• **Looking Ahead**—Improvements now being made will enable the enterprise to compete in the commercial market after the demands of the emergency are passed, according to Cray.

Rolling the Barrels

OPA ceiling on used steel drums and OPM drive to substitute wood emphasizes problem that is especially important to oil.

Price Administrator Leon Henderson put a finger on another hot spot last week when he slapped price controls on second-hand steel drums. These containers are used for shipping gasoline, oil, paints, lard, chemicals, other products. Under the drive of speculation and hoarding, Mr. Henderson charged, prices of reconditioned drums had risen as high as \$4.50 for 55-gal. capacity, while new ones were priced at only \$2.72. Restrictions on steel have made new drums hard to get.

• **"More Than Product"**—Added Mr. Henderson severely: "In the case of certain cheaper grades of petroleum products, the cost of the container has become greater than the value of the product contained."

The Office of Price Administration fixed \$2.25 as the price ceiling of 18-gal., 50- to 55-gal reconditioned steel barrels and drums. Higher charges were allowed for distant deliveries and for the Pacific Coast, where a traditional premium is recognized. All buyers and sellers are required to keep records for possible OPA checkups.

• **From Another Angle**—While OPA was whacking at the knuckles of speculators, the Office of Production Management was moving in from another angle. A campaign has been started to substitute wooden barrels for steel drums. To further this idea, OPM announced that it would give priority aid to coöperage plants for buying hardware, saws, knives, and any other equipment necessary to step up output.

Complete substitution of wood for steel in this field appears impossible. There is a surplus capacity of only 8,000,000 wooden barrels a year while heavy steel barrel production was

1,590,000 in August, or at the rate of about 19,000,000 a year.

• **Request from Ickes**—Petroleum Coordinator Harold Ickes has asked the oil industry to cut down on metal containers wherever possible and local oil committees are listing specific products that can be packed in other materials. About 90% of all used metal barrels are of 55-gal. capacity and the oil industry is the big market. The drums are used for many oils and for deliveries of gasoline to contractors, and to all sorts of operations remote from regular bulk station pumps. The Army is a heavy user.

Refiners own the barrels, charge customers when they are delivered, credit them on returns. Despite penalties, the return situation is a good deal like that with empty freight cars before the railroads worked out speedier roundtrips. Dealers just put off sending back the barrels. Humble Oil reports that metal drums remaining in the hands of customers over 90 days represent 17½% of the average total in circulation.

• **Putting on the Screws**—Humble is putting on the screws to make bulk stations "roll back them barrels." Formerly the company added 3¢ per gal. for oil delivered in light-gauge drums; it has hiked the charge to 7¢ per gal.

Because of petroleum's importance in exports and war operations, the government lets down the bars for the manufacture of steel drums headed seaward. (It also is generous with tin for the 5-gal. gasoline can so vital in deliveries to friendly forces and to off-shore U. S. military stations.) Under a general preference order, companies making steel drums must set aside a reserve of sheet steel for such containers. This stock can only be used under specific orders from the priorities director. Drum manufacturers are given an A-4 rating for steel sheets to keep up this inventory.

FARM BUILDING PUSHED

West Coast Lumbermen's Assn., Seattle, was horrified to discover that only a measly 1.3¢ of the farm dollar is spent for home building materials and that only 2.8¢ goes for service-building materials on the farm. In an attempt to increase the percentages, W.C.L.A. will campaign on these planks. The condition of farm plants has gone steadily downhill during the last ten years. With government policy geared into increased production of grains, beef, pork, eggs, butter, lard and other basic foods (BW—Nov. 8'41, p26), farmers must enlarge their plants. There is no shortage in lumber, and lumber and nails are the basic materials of barn, hoghouse, poultry house, and granary. First move is publication of a brochure showing farmers how lumber may be used in building, where to write for detailed plans, etc. Copies will reach farmers through their local lumber dealers.

To stretch the protective coat that guards defense production * *

NO wonder there's a shortage of solvents and thinners for paints, varnishes, and lacquers—with defense construction and production doubling again and again. But thanks to Hercules research, there's a whole series of terpene chemicals to help relieve this shortage and stretch out the protective coat that guards against rust and decay.

These Hercules terpene derivatives—Solvenol* No. 1, Dipentene No. 122*, Yarmor* No. 350, Hercosol* No. 80, the Terpesols*, and others—have different characteristics, but all have great value for extending or replacing standard solvents. Certain ones are useful, too, in reclaiming rubber, in textile chemicals, perfumes, insecticides, processing leather, and other important applications.

Some are priced below the solvents they replace. They offer unusual opportunities in the present emergency and for the normal business to come.

OTHER INDUSTRIES SERVED: Important among other industries using Hercules chemical materials are plastics, textiles, mining, construction, quarrying,

metal foundries, protective coatings, film, cement, soap, ink, linoleum, disinfectants, insecticides, asphalt, leather, rubber, essential oils, adhesives.

SOME HERCULES PRODUCTS: Among the principal Hercules chemical materials for industry are chemical cotton, and the cellulose derivatives—nitrocellulose, cellulose acetate, and ethyl cellulose—each in a range of diversified properties, to solve many problems in plastics, finishes, textiles, and film. Also important among Hercules products are turpentine, pine oil, terpene derivatives, rosin, rosin derivatives, resins, and rosin esters, a wide array of papermakers' chemicals, and, of course, industrial explosives.

Write for information about terpene solvents, or any other Hercules products. Address Department B-12.

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Brewers' Lament

Industry blames tax load for hard lot of small units and for failure of consumption to rise with national income.

When this year's batch of new excise taxes was announced (BW—Sep. 20 '41, p16) the beer industry—unlike wine or liquor—escaped clean as a whistle. Last week statistics prepared by the United States Brewers' Assn. made it only too plain why the brewers (perennial soft touch for taxes) for once have been favored with such a miraculous exclusion. The answer suggested by the figures is that beer already has been taxed almost to the point of diminishing returns.

Worse yet, the beer taxes (\$6 per barrel federal only, or \$7.26 with all others included—BW—Apr. 19 '41, p56) coupled with the economic dizziness they occasion in consumption are conspiring to drive a lot of small local brewers out of business.

• **Taxes 20.1% above '40**—For the first ten months of this year, according to U.S.B.A. figures, brewers paid the Internal Revenue Bureau \$296,582,444 in taxes, 20.1% more than in the comparable 1940 period. On the other hand, sales for the ten months (48,175,566 bbl.) are up only 9.3%. What this seems to suggest, in part, is that tax payments have increased so fast that beer sales can't rise in proportion to national income.

Yet this hardship doesn't affect all levels of the industry equally. The big brewers, far from running afoul of any red ink, are doing a land-office business. Anheuser-Busch (Budweiser), for instance, is so oversold that its distributors are reputedly on a quota system, and the trade opines that if Budweiser sales continue at the present pace they'll get near the 3,000,000-bbl. mark in 1941.

• **"Big Six" Expansion**—Similarly, the other five brewers making up the "Big Six"—Pabst, Schlitz, Schaefer, Ballantine, and Ruppert—aren't complaining. Ballantine recently launched a network radio program to widen its sales territory still more, and this expansion trend is evident throughout the whole upper crust of the industry. All the biggest brewers today are "shipping" brewers (national or regional distributors) and consistently keep steering in that direction (barring only Schaefer, which prefers to stay in Greater New York and its environs).

What makes this tendency possible, aside from aggressive selling and advertising, is the fact that under high taxes the local brewer no longer has a sufficient price advantage to keep the ship-

ping brewer out. That might not be all of the story. But that's the phase the industry insists on nominating as best suited to the facts. Relevant to this point, the statistics show the following:

In 1910 there were 1,570 brewers; in 1934 after repeal there were 710; by 1939 there were only 650; and today this number has declined to 530. Meantime, average per-brewery sales have risen immensely—from 38,000 bbl. in 1910 to between 80,000 and 100,000 bbl. in 1941. While all this was going on, federal taxes jumped from \$1 to \$6 per bbl.

• **Lid on Consumption**—Taxes generally tend to clamp a lid on consumption and indirectly favor all sorts of competitors. In 1910, the 49,000,000 persons residing in wet areas (almost that many already were in dry territory) consumed 59,000,000 bbl. of beer. Yet in 1940, a population of upwards of 125,000,000 bought only 52,000,000 bbl. At the 1910 pace, they should have bought 175,000,000 bbl. or more.

In the same vein, the current trend toward packaged sales (the ratio to draught is now 58 to 42) may mean more home-consumption and a decrease in the number of corner bars which have proved to be traditional trouble breeders for the industry. But since those bars have at the same time been tremendous sales outlets, their dwindling number means a sharp reduction in total sales.

All in all, the brewing industry shapes up as one of the few consumer industries on whom the impact of defense spending has been very mild. The brewers contend that the higher taxes are a case of killing the goose that lays the golden eggs. Estimated loss to federal and state governments because of the added levies put into effect in July of last year: \$10,000,000.

DEFENSE AND YOUR DOLLAR

Assorted palliatives to make taxes and the higher cost of living more bearable are now coming thick and fast. Most recent, and noteworthy, is a series of six Saturday afternoon radio programs produced jointly by the National Broadcasting Company and the Twentieth Century Fund (independent organization for economic research) and broadcast over the NBC Red Network.

Titled "Defense and Your Dollar," the programs are designed to show consumers how they can stretch a copper penny without hurting the nation's armament effort. Speakers include Stuart Chase, co-author of "Your Money's Worth"; Stillman F. Westbrook, vice-president of the Aetna Life Insurance Co.; and Professor Roswell Magill, former Undersecretary of the Treasury. First program comes Dec. 6 at 3 p.m. E.S.T.



Diet for Defenders —Produced with the Aid of VALVES!

CANNED food... of fine quality and endless variety... the health and energy giving diet of the Nation's defenders! Also telling the greatness of America's canning industry are the vast food stores in military depots—another industry in which valves play no small part. For, valves give control of the flow of water and steam used in every step of cleaning, cooking, and canning foods.

In that respect, food canning differs little from making steel, guns, battle-

ships, or bombers. Fact is, there's hardly an industry which doesn't require fluids for power or processing—which doesn't depend on valves for operation.

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Slower but Surer

Chicago-to-Coast freight schedule lengthened by a day to meet increase in rail traffic by moving more cars per train.

The railroad equivalent of man bites dog occurred last week when freight schedules from the Middle West to the Pacific Coast were lengthened to seventh morning delivery instead of sixth, to match eastbound time. This is the first important backward step since traffic executives learned they were losing their best traffic because motor trucking was faster, and began lopping an hour here, a day there off freight schedules.

• **Last Year's Cuts**—Last year, for instance, the western lines cut 24 hours from through time to the Pacific Coast, then three months later gave a 13½-hour time cut on fruit from Coast concentration points to Chicago and St. Louis (BW—Jul. 20'40, p26).

The reasoning behind the most recent decision is that, because traffic has increased, it is necessary to slow down the trains to get more use out of freight cars. The roads know that high speeds make car days, get more service out of the same equipment. But—western grades limit the weights that locomotives can pull fast at high speeds. While traffic was sparse, engines could roll everything through on hotshot schedules.

• **Out of Balance**—With ever more tonnage moving by rail, the equation got out of balance. More cars were often delivered to western roads' eastern terminals than they could snake across the mountains for sixth morning delivery. Hence, hottest freight got the nod, while less urgent cars had to be left behind for yard storage or hitching into the slow drags.

Leaving tonnage behind in order to keep a train light enough to run fast moves less freight and requires more cars at a time when defense authorities still worry about a potential car shortage. The number of cars thus tied up more than cancelled out the savings in car days achieved by the faster transit time. The alternative, to run more trains on the fast schedule, was ruled out because more engines would make the speedup intolerably expensive.

• **Pro and Con**—Said C. E. Johnson, chairman of the Western Association of Railway Executives, "The change enables us to handle a greater volume of business with fewer trains, allows more flexible operations and delivery at terminals or stations on the way, and saves switch engine hours. I don't think Chicago shippers will notice it."

Chicago and other eastern shippers disagreed with Chairman Johnson.

Their traffic men and traffic organizations drafted protests against the slower schedules and prepared to fight the issue before regulatory authorities.

TURNING DOWN BUSINESS

Railroads don't often discourage high-rate traffic in order to obtain lower-rate-business. But the Pennsylvania Railroad this week began to do just that, in order to facilitate Christmas dinners at home for 100,000 soldiers now in southern training camps.

Travel between Dec. 12 and Jan. 12 is expected to tax current passenger-car capacity. Therefore, Pennsy has cancelled all its usual Christmas-season ex-

cursions. In addition, car cards inform civilian patrons that during the holiday they may not be able to travel at just the time or in just the way they prefer, that trains will be heavily loaded, and that seats and sleeper space may not always be immediately available. The railroad explains that its first duty is to provide the best possible transportation for the furloughed men—and asks civilians to look upon any inconvenience as a contribution to national defense.

The War Department will cooperate by staggering furloughs between Dec. 12 and Jan. 12 on week-days—to avoid week-end civilian peaks. Pennsy can handle 300,000 passengers at one time in its own cars.

AUTO FACTORY TO AIRCRAFT PLANT—BY RAILROAD



Airplane subassemblies are now speeding from Midwestern auto manufacturing centers to West Coast aircraft plants in specially-equipped railroad cars with end doors, raised roofs, steel floors, and racks to which subassemblies can be bolted without crating. Trains operate on passenger schedules. Left, and below, the first attack-bomber wing section built by Murray Body, Detroit, is unloaded at the Douglas Aircraft plant in Long Beach, Calif. In the same car were adjoining sections from Briggs Mfg. Co., Detroit; and within a few hours military transport wings arrived from the Pullman Standard Car Mfg. Co., Chicago.



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President

LOOK TO CENTURY
FOR MOTORS



Rail Cooperation

Three roads reduce costs while enlarging Chicago-Miami service by running seasonal trains on alternating schedule.

The Chicago & Eastern Illinois, the Illinois Central, and the Pennsylvania a year ago undertook something new by coordinating their Chicago-Miami streamliner plans.

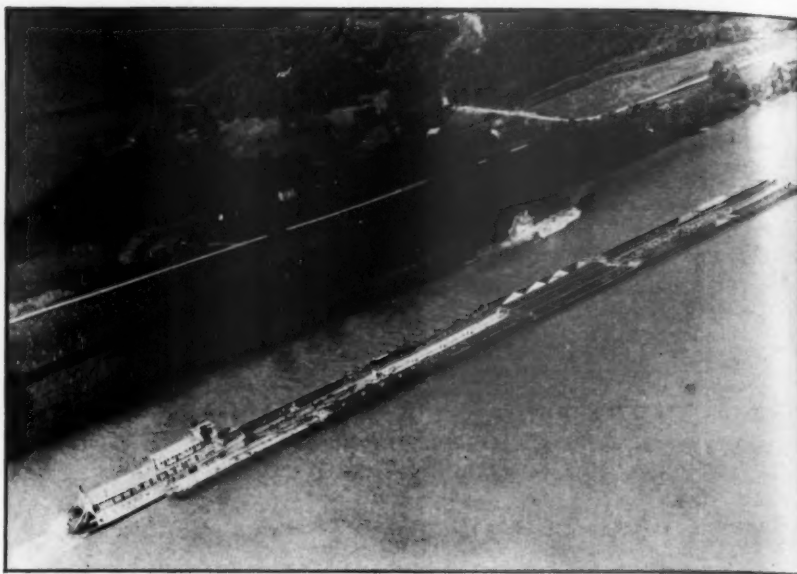
Each one of the roads provided one new lightweight all-coach train, scheduled it outbound every third day (BW—Dec. 21 '40, p. 17). Thus the public got the fast, cheap daily service it had been clamoring for. The roads held down their investments, and instead of providing more transportation than they could sell, have kept the trains well filled ever since.

• **Still Further**—Encouraged by this experience, the three railroads are carrying the idea still further this winter. Forswearing their former individualistic additions of seasonal trains, they are on Dec. 17 adding two a day—and whacking up the service on the same every-third-day schedule. Thus, the vacationing Chicago passenger can leave for the South on any day he chooses at 9 a.m. (all-Pullman), at 9:40 a.m. (all-coach), or at 8 p.m. (coach and Pullman). But he has to go by whichever route offers his train on that particular date. Under this arrangement, each railroad has one departure a day. The three roads are also keeping unaltered their long-established all-year train schedules; each one continues to offer its own daily departure with coaches and Pullmans at 11:25 p.m.

Theoretically, the new coordinated schedule will release 43 sleeping, dining, and dormitory cars and coaches for other service. Actual operating savings will probably be less than that, because extra sections of these trains undoubtedly will have to run at the peak of the season.

• **Not a Pooling**—Officers of the participating lines emphasize that this arrangement is not a pooling, which in railroad language would involve splitting up the revenues as well as the traffic, and would require Interstate Commerce Commission permission. Rather, they say, it is a coordinated or cooperative service, with each road keeping the revenues it takes in from the trains it operates.

Round-trip tickets as sold read for return by the originating route, but this is to simplify accounting rather than to limit the passenger's choice. Actually, he can exchange the return portion of his ticket to go home by either of the other two roads without penalty or extra cost.



The demands of defense industries are doing their full share to boost river traffic, as witness the Jason (above)—a 2,000-hp., oil-burning, stern-wheel steamer (built by the Dravo Corp., Pittsburgh, Pa.); and a recent addi-

tion to the Union Barge Line fleet—pushing upstream toward Pittsburgh with a tow including 29,000 bbl. of gasoline, 4,500 tons of scrap iron, 600 tons of sulphur, and 600 tons of bauxite—all defense materials.

TVA's Riverway

Traffic on the Tennessee, already rising, is expected to double by 1945, when new channel has been completed.

Even though the barge channel and network of locks in the Tennessee River between Paducah, Ky., and Knoxville are only partly finished, tonnage and traffic figures recently released by the Tennessee Valley Authority show that an increasingly important means of transporting goods now exists where none existed before. By 1945, the first year in which the 650-mile waterway will be channeled 9 ft. deep throughout its entire length, commercial traffic is expected to rise to 2,647,000 tons—more than twice the amount of traffic now.

• **This Year's Figures**—During the first eight months of this year, 2,200 automobiles, valued at \$1,450,000, were barged from Evansville, Ind., down the Ohio, up the Tennessee to Guntersville, Ala., whence they were trucked throughout Alabama and Georgia. A year ago, there just wasn't any such traffic.

During the same period, grain valued at \$1,765,000 moved by barge from Central Western ports into the Tennessee Valley—an increase of 124% over 1940. About 33,000,000 gal. of petroleum products, mostly gasoline from Illinois refineries, valued at \$2,025,000, moved up the river—an increase of

94%. Pig iron from Alabama, worth about \$235,000, moved downstream—a 221% increase in tonnage over last year.

• **Cotton from Atlanta**—Among smaller, but more unusual, outbound shipments was a carload of gray unfinished cotton goods, which was sent by the Fulton Bag & Cotton Co., from Atlanta to Guntersville, Ala., and thence by barge to a St. Louis finishing mill.

Primary reason for the mounting tonnage totals is the savings in shipping rates on goods shipped entirely by river or shipped by river, then by truck, to and from the 188 counties within the area. For example, Commercial Barge Line, of Evansville, Ind., and Arrow Barge Line, of Sheffield, Ala., have set barge-and-truck rates which represent savings of 10% to 20% over other rates. The lines operate on the Tennessee, Ohio, and Mississippi Rivers and have worked out the joint rates with a number of trucking companies. These combination rates apply as far west as Kansas City; as far east as Buffalo, Birmingham, and Atlanta; as far north as Chicago and Detroit. Combination barge and railroad rates will undoubtedly be worked out in the near future.

Savings in rates, of course, vary widely from commodity to commodity. Prospective savings per ton amount to 33¢ on coal; \$1.68 on canned fruits and vegetables; \$4.84 on autos and trucks; \$6.08 on gasoline.

• **Gross Savings**—By 1945—when the nine-foot channel is entirely completed—gross saving in rates on all tonnage is expected to be about \$3,450,000 on a



Lumber is one of many commodities which have been moved on the Tennessee River since the government

started to build the locks which will eventually provide a navigable channel from Paducah to Knoxville.

total of 2,647,000 tons. Major items benefiting include gasoline, savings of \$1,590,000; wheat, \$496,000; corn, \$262,000; coal, \$189,000; petroleum products, \$135,000; sand and gravel, \$100,000. Projection of the 1945 estimates show steadily-rising tonnage and savings curves to 1960, when it is figured that 6,173,200 tons will move on the river at a gross saving of \$8,000,000.

Increased activity that will accrue to individual ports on the river have also been estimated by TVA. Traffic in 1945 through several such cities—based on a field canvass of some 3,700 users of freight transportation in 191 communities—is expected to be: Knoxville, 1,132,800 tons; Chattanooga, 561,000; Guntersville, Ala., 183,700; Decatur, Ala., 224,400; Florence-Sheffield, Ala., 88,000; lower river landings, 457,000.

Even these estimates, large though they are, are a good deal under transportation users' original expectations of 6,524,725 tons in 1945. The difference appears because analysis by TVA indicated that eliminated tonnage probably would not use the waterway.

FOR ARMY MEN ONLY

To keep executives who have been called for Army service in touch with each other and in touch with the company, American Hotels Corp., which runs some 70 hotels throughout the country, is publishing a special magazine, "With the Colors." The 12- to 18-page monthly publication was first put out in June; copy takes the form of edited correspondence between service men and others in the company's offices, supplemented with pictures and cartoons. Circulation is only to those directly interested.

Keep Lakes Open?

If Coast Guard succeeds in ice-breaking job, record tonnage in iron ore, coal, and limestone is expected to hit new heights.

The United States Coast Guard is ready for battle on the Great Lakes, with winter as its adversary. The objective will be the lengthening of the navigation season, so that the great fleet of lake freighters can continue to pour raw materials into the nation's steel ports.

To this end, four craft—the Coast Guard car ferry Ste. Marie, the wrecking tug Favorite, and the cutters Eascanaba and Tahoma—will ply the channels to protect the big carriers from the ice barrier which ordinarily spells the end of navigation.

• **A Record Year**—Importance of the job being undertaken by the ice-breakers is reflected in predictions of lake shippers that this year's lakes movement of iron ore, coal, and limestone will hit an all-time record of 150,000,000 tons. Iron ore shipments, which were above 71,000,000 tons by Nov. 1, are expected to approach the 80,000,000 mark by Dec. 1. The previous all-time high—recorded in 1929—was 65,204,600 tons.

The United States Engineers' Office in Chicago recently estimated that lake shipping to and from the Port of Chicago, Indiana Harbor, Gary, and Michigan City this year would total 43,456,800 tons. Last year's total for these ports was 40,410,896 tons, and the 1929 total was 33,873,800 tons. These estimates were based on a navigation close around Dec. 1, but if good weather per-

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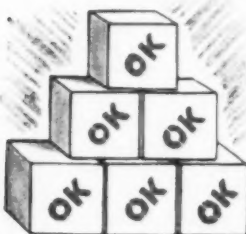


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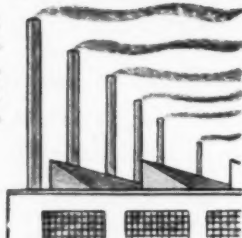
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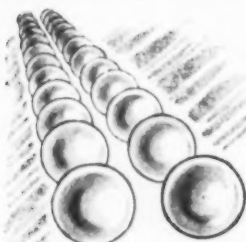
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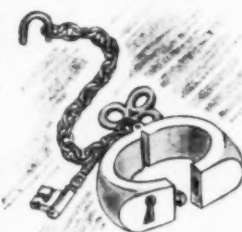


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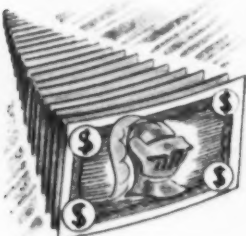
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"sentry duty" merely watching over operations. They are freed for other more essential work. Taylor Instruments are automatic industrial sentries.

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sists, or the Coast Guard ice-breaking effort is a success, the figures are expected to go higher.

• **Coal and Ore Tonnage**—In the lakes coal trade, after running behind 1940 for most of the season, the Lake Erie loading docks spurted to a new monthly record of more than 8,100,000 tons in October and passed the 1940 movement on Nov. 1 by 356,000 tons. With a lengthened season in prospect, Ore and Coal Exchange officials now look for the 1941 movement to run well ahead of the 1940 record of 48,111,000 tons.

Limestone shippers say the end of the season will find the 20,000,000 tons needed to keep pace with the ore movement safely lodged on the lower lakes docks and in the furnace yards.

Coal via Chicago

New competition for up-lake cargo trade, made possible by lower rail rate, is hampered by lack of loading equipment.

Efforts of the Illinois Central and Burlington railroads and the coal operators of southern Illinois and western Kentucky to cut into the water movement of coal to the upper Great Lakes (BW—Jul. 5 '41, p. 26) have resulted thus far in little business but "much encouragement."

Transshipment of coal at Chicago became a good bet for these roads and these operators when they won a new rail rate (40¢ below the tariff for coal delivered on track at Chicago). They immediately laid plans to challenge the roads and the operators that now supply the great bulk of uplakes coal tonnage through such ports as Toledo and Cleveland.

• **Lack of Facilities**—The first navigation season affected by the lowered rail rate has hardly been productive of anything that could be called a new competitive headache for the coal operators of Pennsylvania, West Virginia, southern Ohio, and eastern Kentucky, or for the rail lines which feed their product to the lake cargo coal trade.

Between July 1 and mid-November, about a dozen cargoes were moved from Chicago to various Michigan and Wisconsin ports. Reason for the small volume was that Chicago lacks modern coal loading equipment, and most lake vessels were too busy this summer to undergo the delay of loading with clam-shell buckets at South Chicago docks. The S. S. Green, a sandboat able to handle only 1,800 to 2,000 tons at a sailing, carried all of the outbound coal cargoes.

• **Willing to Buy**—Stoker coal, screenings, and some nut sizes were shipped. These were delivered at prices a little

less than those for the coals which have been the reliance of the uplakes consuming public. Traffic representatives of the Illinois Central and the Burlington report that the consignees were well satisfied with the coal received via Chicago, and that plenty more customers were willing to buy, had there been lake transportation to serve their needs.

Mine owners in Illinois and Kentucky say the small-scale operation proved that this movement is sound and worth developing. They are eager to build a modern loading facility at Chicago to permit faster loading and the use of larger vessels. Gossip in the trade is of conveyor equipment to handle up to 1,000 tons an hour. If such a mechanized dock is made available, steamship operators agree they will have plenty of boats ready to move as much as 500,000 tons of Illinois and Western Kentucky coal up the lake next summer.

Regulation, Please

Freight forwarders plead for it, hoping that Congress will enact bill putting them under ICC and defining their status.

It isn't very often that an industry seeks, demands, and even pleads for regulation by the federal government. But the freight forwarding companies of the United States currently are doing just that.

Prospects for their success now look bright. Several times during the past few years they've almost attained such regulation (they call it "recognition") but have narrowly missed their target.

Freight forwarders collect less-than-carload consignments from shippers and combine them into full carloads for shipment by railroad or, similarly, they convert parcel freight into volume freight for shipment by other carriers. At their destinations, forwarders break up these loads into their individual packages for delivery. Their profit is in the spread between the rates they charge to shippers (approximately what the shipper would have to pay, anyway, for his l.c.l. freight) and the carload or other bulk rates which the forwarders pay the carriers. That profit margin, incidentally, has been narrowing—principally because of increased trucking costs. But volume has been increasing. They'll do about \$200,000,000 of business this year.

Common Carriers Used—The freight forwarder does not own the carriers that convey the freight, except possibly in terminal areas. He uses common carriers regulated under the Transportation Act, and assumes responsibility for the freight from its receipt to delivery.

Hanging over the forwarder has ever

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AIR DEFENSE



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Push-button control for rapid cycle operation
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At the touch of a button, this 2,500-ton press responds to the call for faster production of aircraft parts that must be kept within strict tolerances. The speed and pressure of this Birdsboro-designed and Birdsboro-built hydraulic press can be varied at will . . . to meet the demands for forming and shearing different types and designs of airplane parts.

Hydraulic press flexibility such as this will economically solve tomorrow's production problems, too. That is one reason why all industry has found that—if it's a press problem, it pays to ask Birdsboro.

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been the uncertainty of the exact legal status of himself and his contracts. Is he a common carrier, a contract carrier, or a shipper? That is what he wants defined. He's tired of being shoved around.

The Interstate Commerce Commission has ruled that forwarders are not subject to the motor-carrier act. And the courts have ruled that freight forwarders have neither the rights nor the burdens of a regulated transportation agency. "They are held to be not entitled to the protective benefits of regulation, not entitled to joint rates, not bound by the rule that rates should be reasonable and non-discriminatory, and not subject to the law against rebates."

• **Legislation Blocked**—So many parties have been involved (shippers, truckers, railroads, water-carriers, airlines—of varying sizes and types) that legislation has long been blocked. But at last the House has passed a rewritten Senate bill which may eventually become law. The bill, now in joint Senate-House conference, is approved as a defense necessity by the War and Navy Departments, and as a

desirable measure by the National Industrial Traffic League (national shippers' organization).

Freight forwarders want the bill to become law because it would enforce uniform rates (thus eliminating "cut-rate" competition) and legalize the status of forwarders' contracts with trucking companies and shippers. S-210, the new bill, closely defines "freight forwarders" and places them under the wing of the ICC, which would have power to approve rates and charges, regulate, and grant operating licenses. Brokers, nonprofit associations of shippers, warehousemen, and pool-car operators would be refused licenses. Railroads, however, could form their own forwarding subsidiaries. Backers of the bill say it would stabilize all units of shipping and transportation.

• **In Opposition**—Opponents of the bill are (1) trucking companies which have been assuming forwarder functions and which would be forced to dispense with, or alter, their forwarder services and (2) certain railroads which haven't been favored with forwarder patronage (these

want I.C.I. rates reduced so that more shippers would send I.C.I. freight direct).

LATIN WEATHER

Ambitious young Dr. Irving P. Krick, who runs a commercial weather forecasting service for business firms (BW—Jun.17'39,p36) from California Institute of Technology in Pasadena, announced last week his forecasts will soon cover South America as well as the United States.

Dr. Krick is a salesman as well as a scientist; so he took care to emphasize last week that "other meteorologists" (by which he means the U. S. Weather Bureau) have blamed some of their "recent forecasting failures on a lack of ship reports." His system, he pointed out, doesn't use such methods and thus isn't impaired when ships refuse to disclose their positions.

As a first step, a file of charts is being compiled in Pasadena from data radioed from Buenos Aires and experimental forecasts will be made during a test period before the new service is sold.



HOUSING HITS THE ROAD

First demonstration of the theory that demountable, prefabricated houses can be moved to a new location with ease and at low cost will be given this month when the Federal Works Agency orders the transfer of 186 houses from Indianhead, Md., to Quantico, Va. The FWA has quietly been making tests, however, that indicate the cost per house may be expected to average about \$500.

The standard test required by FWA consists of taking down a complete house, loading it for a 30-mile journey over rough roads (to indicate stability of parts in transit), and erecting it at a new location for immediate occupancy. In its test last August, Allied Housing Associates, one of ten contractors on the Indianhead project (BW—Aug.16'41,p42), demounted a two-bedroom, single-family dwelling (left, above) in 2½ hours, moved to a new site (left), and then reassembled the structure (right, above) in three hours.

At the present time some 6,600 demountable prefabricated house units are either completed or being built by the Federal Works Agency Division of Defense Housing in various parts of the United States.

Since Pony Express days—The Business Route of the Nation

Clip-clop. Can you hear him, traveler? Clippity-clop, clip-clop. Dusty hoofs on a sun-baked plain. Listen, traveler-by-air, as you soar along United's Main Line Airway, the Business Route of the Nation. History is riding below you!

Since Pony Express days, this route has been the nation's life-line of trade!

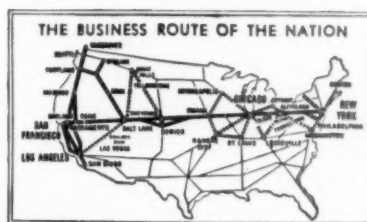
Along the Business Route are great cities founded by trudging pioneers. Steel rails of the nation's first transcontinental railroad glint in the Main Line sun. First cross-continent telegraph wires

followed this path, and at intervals the first coast-to-coast highway is white beneath your wings!

This is the central, *direct* way east and west, linking the greatest population centers, chief defense plants, rich agricultural areas *at three miles a minute.*

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A giant bird of metal, the United Mainliner, is ready now to carry you across the route that history opened!



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Year round, the Main Line Airway
for passengers, mail and express



Prosperity Pains

State tax setups, geared to depression, are now yielding record revenues while avenues of spending are being closed.

Defense spending may still be embarrassingly small from the Washington viewpoint but it is already embarrassingly large as far as state capitals are concerned. With state tax systems generally geared to meet requirements under depression conditions, states are experiencing the pains of prosperity. They are currently realizing greater revenues than ever before, and many of them have more money than they know what to do with, although they would be the last to admit it.

Greatest revenue gains have naturally occurred in the states which have benefited most by the defense boom. Sample increases in 1941 state revenues, based on a preliminary survey by the Census Bureau, are as follows: Michigan 18%, Virginia 18%, North Carolina 15%, North Dakota 15%, Georgia 13%, Kentucky 13%, Oregon 13%, South Carolina 13%, California 11%, Washington 10%, Wisconsin 10%. Southern states have been aided not only by some large defense contracts but also by the new Army camps spotted throughout that section. Total state revenue collections in fiscal 1941 are estimated at \$4,500,000,000, up 7% from the previous year's all-time record of \$4,200,000,000.

• **Fewer Chances to Spend**—Meanwhile, two of their major spending media are rapidly being taken away from them by defense developments. Increasing employment has reduced the opportunity of spending on relief projects. The exigencies of national defense have reserved juicy possibilities of a public construction boom until after the war. Termination of PWA grants has slowed down state construction projects, and President Roosevelt's budget-message admonition against unessential public building restrained those state officials who would have made up the differences—and more—with 100%-financed state projects.

The SPAB edict on private and public building not necessary to national defense (BW—Oct. 18'41, p17) will virtually eliminate construction of new court-houses, schools, and the like. However, it may not succeed in halting ambitious road and highway construction programs. States can and will make pretty good cases for many "access" roads to defense projects and "strategic" highways.

Furthermore, the increasing local requirements for local utilities, water, sewage, etc., and additional police and

fire protection occasioned by defense boom towns may result in a considerable drain of state funds in the direction of municipalities.

• **Anti-Inflation Pressure**—Expenditures in many other quarters will be hard to justify, particularly in view of the increasing pressure that is being applied against inflationary spending, both private and public.

What to do with the surpluses, piling higher every day, is the problem. Taxpayers hard hit by federal tax increases are demanding that state taxes be reduced. State politicians are inclined to agree with them. Taxes have already been reduced here and there. As taxpayers generally become aware of the situation, pressure to reduce state taxes is expected to become practically irresistible.

• **Inflation Control Weakened**—The possibilities are beginning to worry federal inflation-fighters, who see federal tax increases offset by state reductions. This would be the counterpart, in prosperity, of the situation during the depression when federal pump-priming was offset by simultaneous contraction of state and local public-works expenditures.

To forestall "inflationary" tax reductions by local government units federal revenue officials would like to see the states do one or both of two things: Set up reserves for post-war public works or subscribe to federal defense bonds.

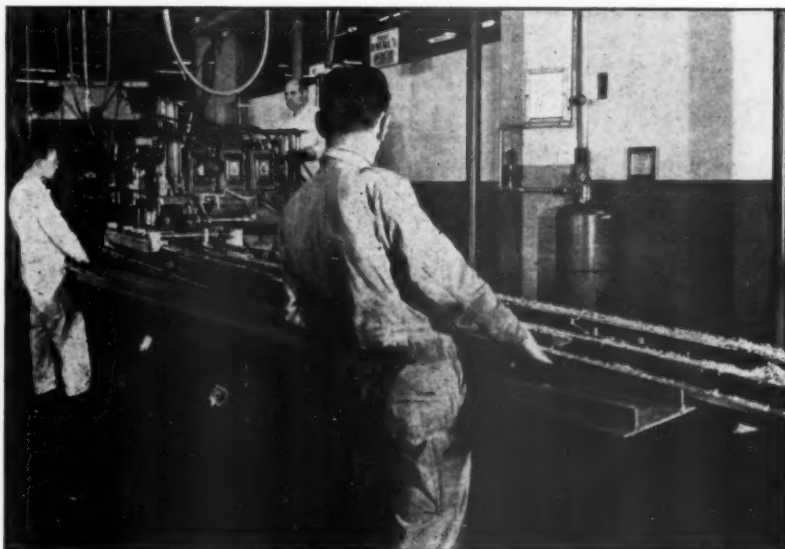
Most states have, however, come to expect that the federal government will take care of them in a pinch, the

improvident as well as the provident. As for investing in defense bonds, there is a \$50,000 limit on each purchaser. The Treasury is now debating special issues at somewhat higher rates to attract state surpluses. Unless rates are put higher or considerable patriotic pressure is applied, the states probably will prefer to retire their own 5% and 6% bonds.

• **Relief Load on States**—Also under consideration is a neat scheme which would not only inhibit state tax reductions but also would satisfy the growing demand for federal non-defense economies.

This contemplates shifting much of the relief load back to the states, possibly by tightening up the definition of "employable," so that only bona fide employables would be kept on WPA projects. Upwards of \$500,000,000 could conceivably be cut out of the federal budget at the expense of state surpluses.

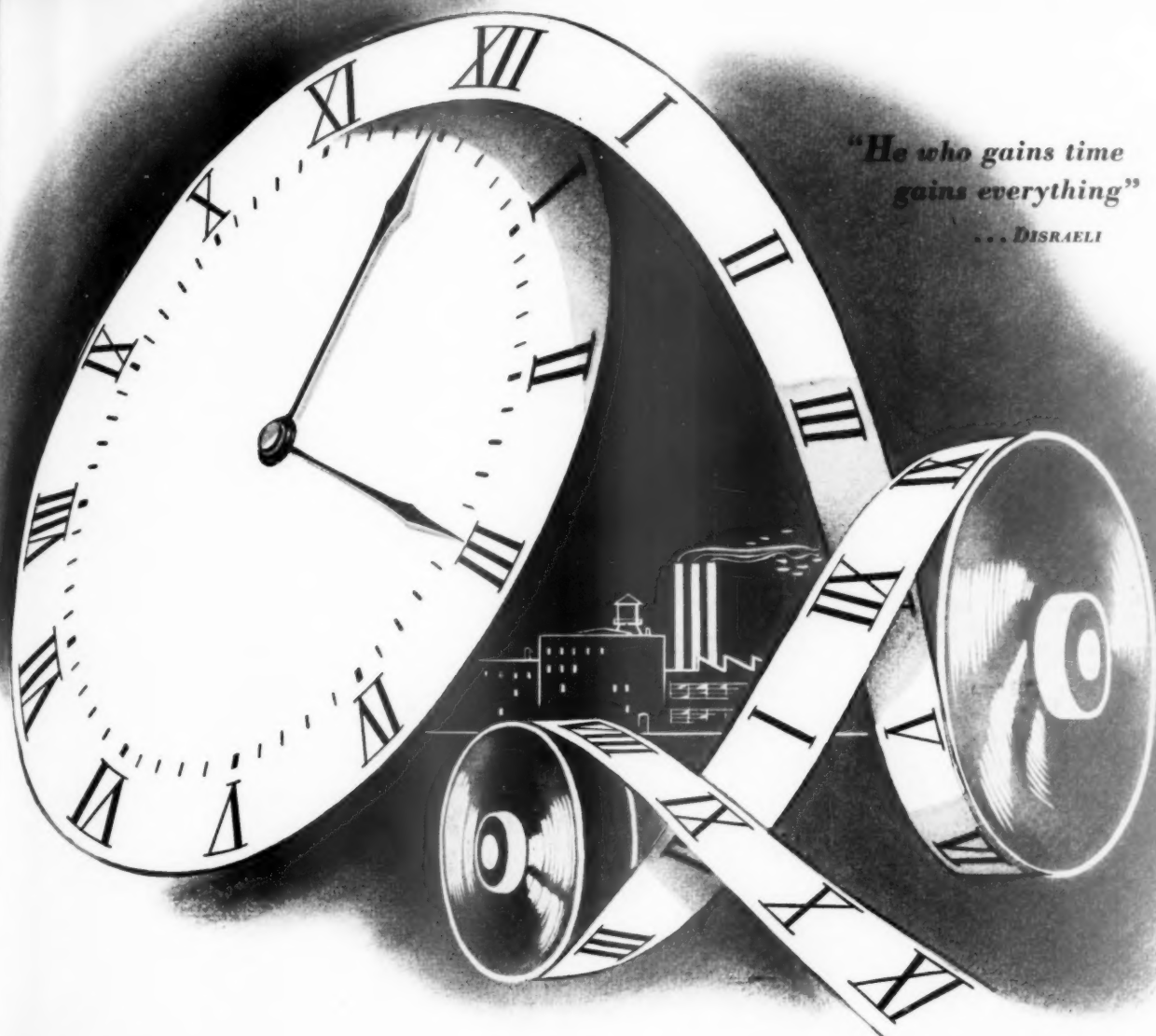
• **Integration Plan**—Aside from its plan for greater federal control of unemployment compensation insurance funds (BW—Oct. 4'41, p7), the administration also has a committee at work planning the "integration" of federal, state, and local tax systems, an integration which—on paper, at least—will most certainly embrace a major shift in tax flow to the federal government, accompanied by appropriate "grants" to the states—referred to as "handouts" by unreconstructed state officials. State taxes may be reduced in this process but the taxpayers' total contribution to government will probably be increased.



EXTRUSION MILLER

The operator rides on the carriage of the new Onsrud extrusion miller as it cuts its way down the length of an extruded aluminum alloy wing beam

at speeds up to 18 ft. per min. The machine, said to be the first of its kind, saves 87½ hr. out of a former 90 for Lockheed Aircraft Corp. in tapering the beams for the "Lightning" P-38 Interceptor.



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SHOULDER TO SHOULDER WITH YOU IN AMERICA'S DEFENSE

Lower Sales Taxes

States begin to take them off statute books or cut them appreciably. Municipalities are following suit.

Very few irritations disturb the blood pressure of merchants like sales or "nuisance" taxes. Representing a distinct financial drain on the seller or buyer, or both, the levies also claim an important toll in the huge welter of bookkeeping they necessitate.

Twenty-two states currently have taxes based on receipts from sales (see table). Some of these taxes are direct sales taxes (levied on consumer sales, item by item); some are "gross receipts" taxes (paid by retailer out of total sales); and yet others are "occupational" taxes (a percentage of sales paid by the retailer as a license for doing business). Three of these 22 states originally slapped on their levies in 1933. Three more followed suit in 1934. Nine did likewise in 1935; six in 1937; and one in 1939. And in the interim many a municipality—including such giants as New York and New Orleans—have added their own versions.

• **New Trend**—Now, however, the trend is reversing itself. Taxes are being cut, and in one instance have been abolished altogether. Louisiana was the leader in this movement, erasing its 1% tax as of Dec. 31, 1940. Last July, South Dakota and Illinois fell into step by hauling down their levies from 3% to 2%. More recently, Indiana has joined the parade by cutting from 1% to $\frac{1}{2}$ %. And among the municipalities, New York City has similarly chopped its local 2% tax in half.

Only state running counter to the trend is Washington, which boosted its 2% tax to 3% last May. But Washington happens to be a special instance, must be put in a class of its own. The stiffer tax resulted from doubt as to the validity of the state's personal net income law. If that matter is straightened out favorably, the sales tax will be shaved down to the old level.

• **An Embarrassment**—By and large, this trend toward lower taxes is due to the fact that recently many a state and municipal treasury has been jacked into respectable flushness, thus making steep taxes almost an embarrassment (page 48). So, politically and economically, taxes have become a good target for sniping.

To the extent that these cuts release a proportionate amount of buying power, they're being welcomed by merchants. But as long as there's any kind of tax at all, of course, the merchant still has to wrack his brain with calculations.

Sales, Occupational, and Gross Receipts Taxes

State	Amount of Tax	Principal Exemptions
Alabama*	2%	Gasoline, oil and tobacco products otherwise taxed; seed and fertilizer; fluid milk sold by distributor. (Note: receipts from sale of autos taxed $\frac{1}{2}$ %.)
Arizona	2%	Gasoline. (Note: restaurants taxed 1%.)
Arkansas	2%	Intoxicating beverages, cigarettes and gasoline otherwise taxed; newspapers; advertising; cotton; certain foodstuffs sold by producers.
California*	3%	Food (except when consumed on premises); publications; gas, electricity, water; motor vehicle fuel otherwise taxed.
Colorado*	2%	Property subject to state or federal sales or excise taxes (12 $\frac{1}{2}$ % in the case of federal taxes).
Illinois	{2% of 98% of} {gross receipts}	None.
Indiana	$\frac{1}{2}$ %	Flat monetary exemption allowed. (Note: Indiana's tax was originally 1%, has been cut to $\frac{1}{2}$ %, effective Jan. 1.)
Iowa*	2%	Trade-ins.
Kansas*	2%	Electricity, coal, gas, petroleum products; feed for animals; gasoline, cigarettes, and items specially taxed.
Michigan*	3%	Advertising; monthly exemption of \$50 may be subtracted from sales.
Mississippi*	2%	Cotton; fertilizer. (Note: automobiles and pasteurized milk taxed 1%.)
Missouri*	2%	Motor fuel; livestock-poultry feed.
New Mexico	2%	Newspapers; magazines; gasoline. (Note: automobiles, trucks, tractors taxed 1%.)
North Carolina*	3%	Trade-ins; fertilizer; food for human consumption except soft drinks, medicines, and meals sold by restaurants, etc.; ice; gasoline; medicine by prescription. (Note: maximum tax on any article is \$15.)
North Dakota*	2%	Gasoline, cigarettes, insurance premiums, and articles otherwise taxed.
Ohio*	3%	Food if consumed off the premises; articles already subject to excise tax; newspapers and periodicals; ice; feed and seed.
Oklahoma*	2%	Newspapers and periodicals costing less than 20¢; advertising; soft drinks, gasoline, cigarettes, etc., subject to other taxes; poultry and dairy products.
South Dakota*	2%	Cigarettes, etc., otherwise taxed.
Utah*	2%	Feed and seed; items otherwise taxed.
Washington*	3%	Newspapers. (Note: Washington additionally has a business and occupation tax ranging from $\frac{1}{100}$ % to $\frac{1}{2}$ %; in the case of most retailers it's $\frac{1}{2}$ %.)
West Virginia*	2%	Gas, water, electricity; gasoline; motor vehicles; bread, butter, eggs, flour and milk, except when sold by hotels and restaurants. (Note: West Virginia also has a gross sales tax which, in the case of most retailers, is $\frac{1}{2}$ %.)
Wyoming*	2%	Livestock; feed, seed, fertilizer; commodities subject to sales or excise taxes in excess of 20% under federal law; commodities subject to state excise tax in excess of 5%.

* These states levy sales taxes directly on purchasers or require sellers to pass them along to purchasers; other states levy taxes directly on sellers who may or may not pass them on to consumers.

In the 22 states in the above table, sales taxes are operative—and so effectively that 40% of the total tax yield in those states is derived from them. And just to be sure that nobody is going to crawl through the net by obtaining merchandise in some tax-free manner—from mail order chains or other out-of-state suppliers, for example—16 of these states (plus Kansas City, Mo., and New York City) have "use taxes" imposed for the privilege of using or storing or consuming tan-

gible personal property acquired without payment of a sales tax. The 16 states are: Alabama, California, Colorado, Iowa, Kansas, Michigan, Mississippi, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, South Dakota, Utah, Washington, and Wyoming.

These data are based on the latest report issued and copyrighted by the Research Institute of America, authoritative source of information on all state and federal tax regulations.

Good Fishing

New England catch runs far ahead of '40. Sardine fishers enjoy empty cellars; shellfish goes over big.

When Maine sardine fishermen settled down by their chunky stoves for the winter this week, it was with the happy knowledge that, for the first time in many a year, their cellars were empty. Domestic demand resulting from stoppage of competitive Portuguese and Scandinavian supplies, plus heavy lease-shipment to Britain, had taken all of the state's record pack of close to 3,000,000 cases, leaving no carryover to go down cellar. Last month, Maine's Sea and Shore Commissioner, Arthur Greenleaf, predicted that total receipts to sardine fishermen for the season (Apr. 15 to Dec. 1) would run to over \$15,000,000. As evidence of this plushy figure, many a Down Easter is getting ready to file his first income tax return next March.

Maine's sardine prosperity is only one part of an overall New England fishing boom. Avowed purpose of the Plymouth fathers was to "serve God and to fish." The economic half of this dual mission may still be contemplated with satisfaction this year by all religious New Englanders. Contributing factors are a much heavier catch than last year (when a three-month strike tied up 53 large trawlers), improved prices on many varieties, and the anticipated curtailment of competitive Canadian lobster and Japanese crabmeat supplies.

Up to a year ago, New England had no canned crabmeat industry. The low price on the Japanese product, plus the difficulties of extracting meat from the small New England rock crab made canning impracticable. Then R. K. Barter, big lobster packer in Stonington, Me., and American Can Co. engineers developed an extraction process. Last year Barter went into a huddle with adman Sturges Dorrance, who handles food promotion for the Maine Development Commission. They succeeded in marketing Barter's experimental pack of 2,000 cases; First National Stores took 800 cases, A.&P. also bought on spec.

• **New Industry for Maine**—The delicately-flavored Maine crabmeat went over big, and stores came back for more. Now several packers are canning crabmeat bearing the State of Maine's red, white, and blue trademark (cans are privately labeled, but are allowed to add the official trademark after passing state inspection).

Although Maine crabmeat is being merchandised on a quality basis, the 50% increase in tariff duties, slapped on

the imported product last summer, should almost equalize the Japanese price differential.

• **Japanese Competition**—When Japanese imports, already reduced to a trickle, are cut off entirely and present stocks are exhausted, Maine canners figure they will be sitting pretty. Right now, however, stocks of the Japanese product are so heavy that a price war is on which puts it on the retail market at 19¢ to 23¢ for a 6½-ounce can, as against around 29¢ for a 6-ounce can of Maine meat.

Increasing supply is the principal problem for Maine canners. The present pack is adequate only for New England distribution. Commissioner Greenleaf helped out recently by issuing a plea to lobster fishermen to protect the crab supply by throwing back, unharmed, the crabs they catch in their lobster pots. In the past, lobstermen have regarded crabs as a nuisance and have destroyed them.

• **Lobsters Flourish**—The lobster boom stems from the fact that Canadian supplies, which undersell the U. S. product, may be curtailed in the future as shipping space is deflected to war cargoes. New Brunswick and Nova Scotia lobstermen get 5½¢ a pound (they used to get only 3¢), while Maine men will work only for a minimum of 10¢ to 12½¢ in the glut season.

The Bureau of Foreign and Domestic Commerce reports that lobster imports from Canada totaled 8,591,265 lb. for the first half of 1941 in comparison with 11,929,091 lb. for the same period of 1940.

Poundagewise, shellfish account for only a small part of New England's total catch, but they loom large in dollars. That's why the present crab-lobster prosperity is causing a big stir. In 1939 (last year for which complete figures are available), the total New England catch added up to 663,865,900 lb., with a value of \$19,508,634. But out of this, 52,970,200 lb. of shellfish had a value of \$6,854,599.

• **20% Ahead of 1940**—This year's boom is by no means restricted to shellfish and sardines. In the first nine months of 1941, the total value of fish sold through the New England Fish Exchange in Boston (which handles annually between \$7,500,000 and \$12,000,000 of fish) ran to \$8,683,885.41—almost \$2,500,000 ahead of the take in the corresponding period of last year. Receipts of Maine fishermen in the first nine months of this year ran within a few thousand dollars of the total 1940 take.

A few New England fishermen are reported as having made as much as \$3,700 in the first nine months of 1941, while some captains are expected to net between \$17,000 and \$20,000 by the end of the year. According to local practice, when the catch of a boat



TORNADO

PORTABLE
ELECTRIC BLOWER

reduces
DUST DANGER

BLOWS clean, dry air, at 295 m.p.h. Cleans out motors, generators and hard-to-get-at places—removing dust, dirt, lint and chips. Costs less than 3¢ an hour to operate. Reduces damage to motors and bearings—lessens fire and health hazards.

1 H. P. universal G. E. motor. Weight, 14 lbs. Portable to any place in plant. Plugs in at convenient outlets. Adaptable as Sprayer for paint and insecticide. Convertible into powerful industrial Vacuum Cleaner—for cleaning floors, walls, ceilings, etc.

FREE TRIAL — WRITE TO

BRUBER ELECTRIC MFG. CO.
5130 N. Ravenswood Av., Chicago



New emphasis on an old mainstay

With taxes and living expenses going up, low-cost life insurance becomes more than ever the family man's first reliance in the creation of a fund for his dependents.

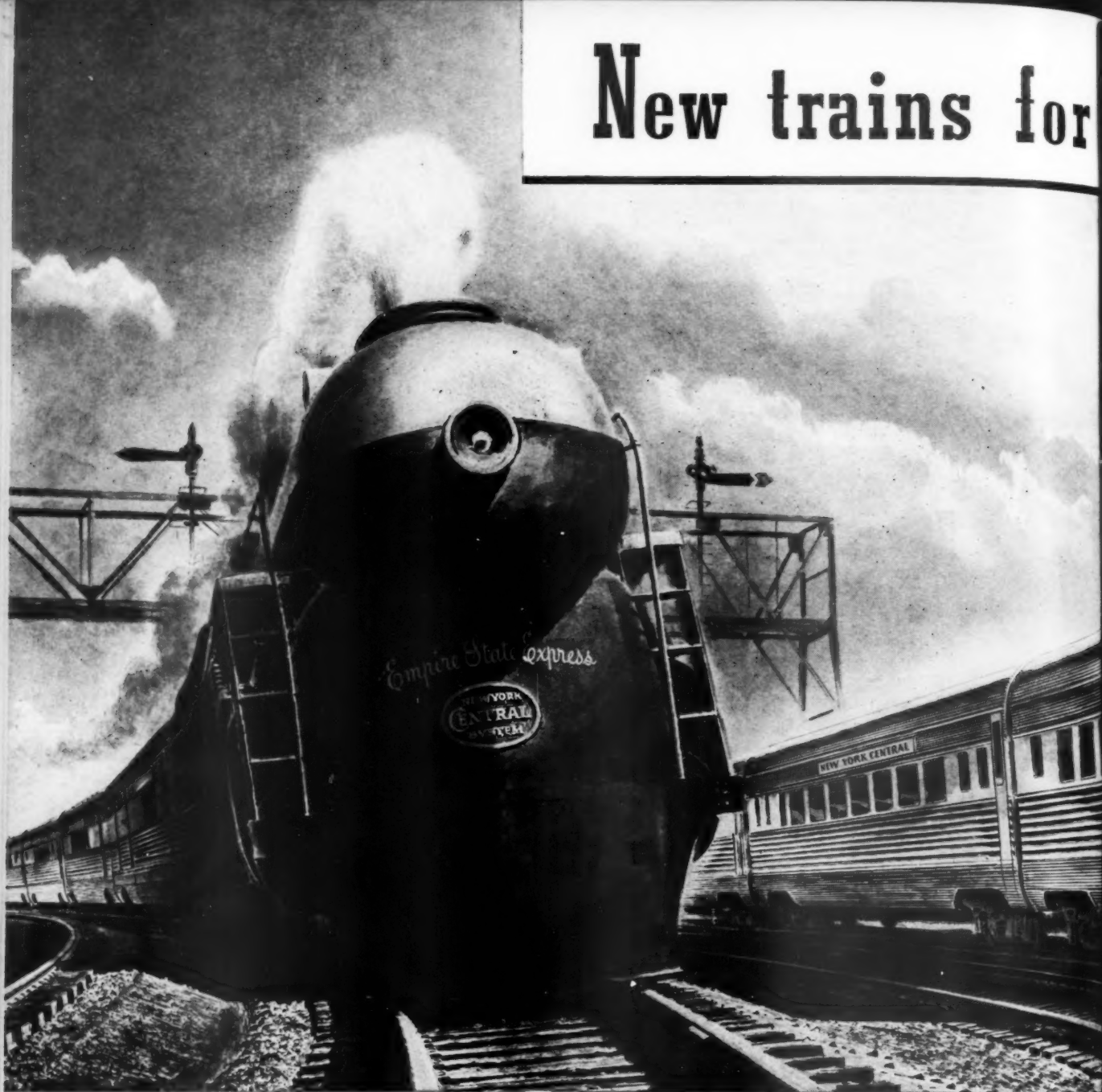
May we show you
without obligation
how we can help?



The Prudential
Insurance Company of America

Home Office, NEWARK, N. J.

New trains for far



THIS month, celebrating the fiftieth year of the New York Central's famous *Empire State Express*, two new crack trains of stainless steel inherit that great name. Important additions to the tradition of progress of a great railroad, they will facilitate traffic between many key cities along the busy New York Central System.

Typifying the tremendous railroading advances of half a century, these Budd-built trains have an added importance in the light of the country's all-out Defense effort. For they provide an answer to two of our conflicting shortages: steel and railway passenger cars.

These two new light-weight Budd trains were built with 1,280,000 *less pounds of steel* than ordinary

equipment would have taken . . . steel needed to build tanks or guns or armored cars for our modern army.

Budd's durable, light-but-strong stainless steel cars have already run more than three hundred million miles on American railroads, and have achieved results that far surpass the original claims made for them. For they produce many economies desirable in ordinary times — doubly important today.

Because they weigh less, they release motive power and fuel for other needs. They travel safely on *fast* schedules. And because they need less "time out" for maintenance and repair, these cars are in service far more than conventional equipment.

With s
stainles
For all
sacrific

The
of the "
Defense
road ad

EDWARD

B U

or famous *Empire State Express*



With such savings in metals, time and labor, Budd stainless steel cars are the "Economy Cars" of Defense. For all these important economies are made without sacrifice of strength, safety or long life.

The two new *Empire State Expresses* — and others of the "Stainless Fleet" — make a real contribution to Defense . . . and point the way to unprecedented railroad advancement after the emergency is over.

EDWARD G. BUDD MANUFACTURING COMPANY • PHILADELPHIA

BUDD HELPS ARM EVERY BRANCH OF THE SERVICE

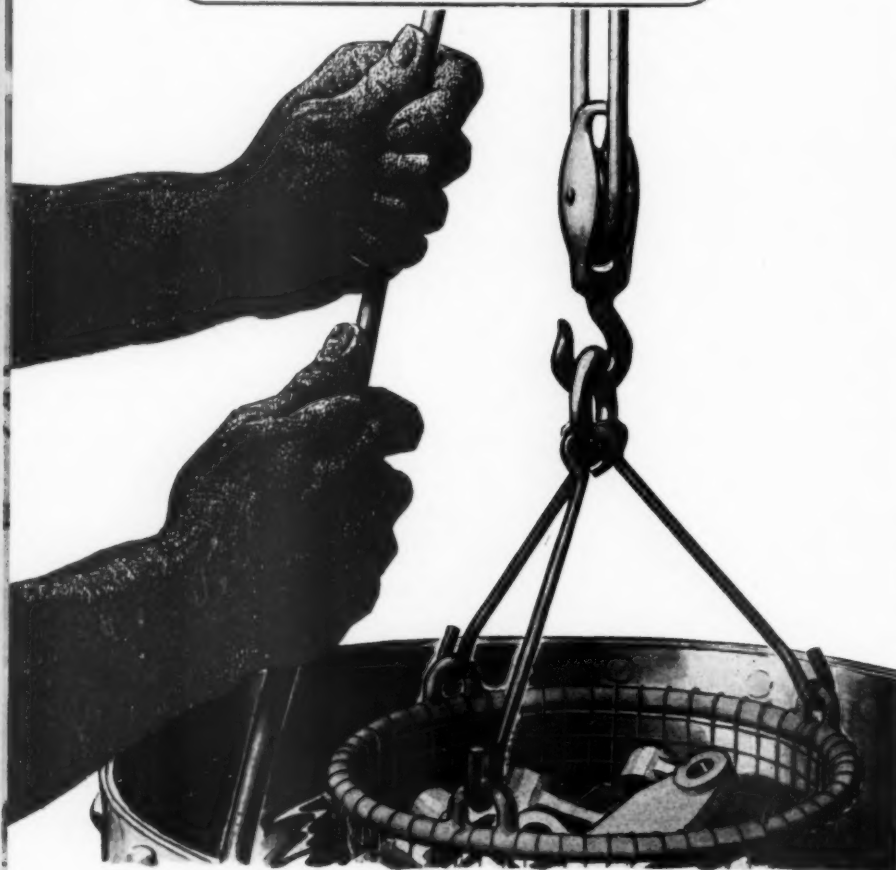
Bodies for Army cars and trucks, bombs, shells, stainless steel parts for fighting planes and Navy ships today stream off Budd's production lines. Arming America's defenders is Budd's most urgent business today!

BUDD

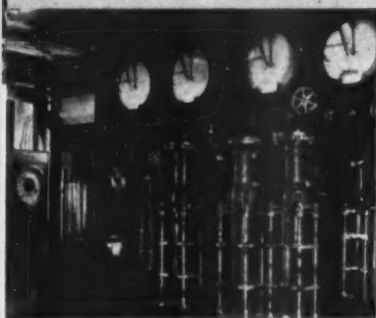
BUDD CARS SAVE STEEL FOR DEFENSE

"GREEN HANDS"

can maintain product-quality!



Foxboro Control of chemical stills enables operators to maintain unvarying quality.



Uniform heat-treating becomes simple, with temperatures held constant by Foxboro Control.



As you add new workers, your product quality need not suffer. Put automatic Foxboro Measurement or Control Systems at critical production points, and you equip these "green hands" to meet rigid quality standards after only brief training. Even your "old hands" can produce with greater speed and assurance!

For these precision instrument systems eliminate the guesswork. They furnish exact guidance every instant for any operator . . . in many operations, give automatic control more accurate than manual control . . . and provide continuous written records to assist both operators and supervisors.

Wherever your production depends upon temperature, pressure, level or flow, Foxboro Instrument Systems can help you maintain quality, speed-up output, save needless waste of fuel and materials. Write for information on the possibilities within your plant. The Foxboro Company, 120 Neponset Ave., Foxboro, Massachusetts, U. S. A.

FOXBORO

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MEASUREMENT AND CONTROL SYSTEMS

is sold, expenses are deducted and the net split in half. Half the net is divided among the captain and crew, each man sharing according to his rank. The other half goes to the owner. Sometimes the captain gets, in addition, a slice of the owner's share.

• **All Fish Auctioned**—With the exception of fish brought in by the inshore craft, which venture only a one-or-two-day trip out of the harbor, all fish landed at Boston are sold on the New England Fish Exchange. This rule applies even to the catch of boats that are owned by such big companies as Booth and General Seafoods. These may, or may not, "buy up their own boats," when the catch is auctioned off at the Fish Exchange.

This practice of selling all fish at public auction is largely responsible for the fact that Boston has flourished as a fish market of late years.

• **Other Ports Revived**—The present prosperity, however, is spreading to other New England ports. The increasing popularity of the "red fish" (ocean perch) has brought Gloucester back into the picture and has also benefited Portland, which underwent a slump when the cod catch began to fall off in the Gulf of Maine a few years back. A new filleting plant and good catches of scallops and yellow-tailed flounder have revived prosperity in New Bedford.

There were fears of a shortage of shipping vessels last year when the Navy bought up some 15 large trawlers and 10 smaller vessels for use as mine layers and sweepers. Numerically, this isn't a very big bite out of New England's total of 625 fishing vessels over 5 tons net. But all the Navy purchases were vessels of over 30 tons, and the big trawlers ran to 250 tons apiece. One estimate is that, tonnagewise, New England fishing capacity was cut as much as 20%.

The deficiency is being made up rapidly, however. General Seafoods has just launched four new trawlers to work out of Boston. (They were built on the Great Lakes, because no local shipbuilding yards were free.) Booth launched the first of two new trawlers in August. F. J. O'Hara, big Boston dealer who sold heavily to the Navy, is building ten new boats. O'Brien's is building four.

• **Fisheries Compact**—Fishing conditions all along the Atlantic Coast are expected to improve gradually over the years in the wake of the Atlantic States Marine Fisheries Compact. Signed and ratified by six states (Del., Md., Mass., N. H., N. J., N. Y.), the fisheries compact went into effect last month.

Other Atlantic seaboard states are expected to act on it in their forthcoming legislative sessions. Object of the compact is to protect and promote the Atlantic fisheries, and to set up standards which will make for greater uniformity in the handling of fish.

Business Week • December 6, 1941

NEW BUSINESS

R.R. Alumni Club

Railroaders have long envied the airlines their skill at getting traffic promotion material hung on big shots' office walls in the form of assorted diplomas and plaques attesting membership in such honorary brotherhoods of the air as United's 100,000-Mile



Club, T.W.A.'s Stratosphere Club, and American's Admiral Club.

This week, the Illinois Central System, notably aggressive in public-relations work, reached for some of the same pie. The railroad compiled a list of 1,200 former employees who have achieved distinction in other occupations. Currently it is sending to these men elaborate certificates of membership in the Illinois Central Alumni Association—like this one issued to President C. C. Williams of Lehigh University, who worked for the engineering department back in 1916.

A Letter Costs 60¢

Business men who figure that letter writing costs them nothing but the price of a 3¢ stamp, plus maybe a cent or so for envelope, paper, and assorted odds-and-ends, will view their mail with more respect in future. Dr. Benjamin R. Haynes, professor of business education at the University of Tennessee, has figured out that, including cost of dictation, transcription, supplies, and overhead, the average business letter represents an investment of 60¢.

Lockout

Latest devices to help solve some of the troubles of operating free toilets at service stations are the penny locks now being manufactured by the M & L Coin Lock Co., of Los Angeles (108 W. Sixth St.). A notice is posted beside the lock stating that any motorist can have the key free of charge by asking for it; but the penny charge to others is designed to be enough of a nuisance to keep out non-purchasing passersby and undesirable transients.

Why crack eggs with a Steam Hammer...?



Cracking eggs with a steam hammer is a dramatic way of

demonstrating precision control of ponderous machinery.

But Delta engineers believe there's a proper machine for every job. They have spent fourteen years in careful designing and patient research, checked by countless shop experiments, creating a new type of machine tool. Stripped of all "steam hammer" bulk, these DELTA-Milwaukee machines out-perform old-

type ponderous machines costing three to four times as much.

Since 1927, Delta engineers have originated practically every major improvement in this specialized field of machine design. By countless thousands, these handy, flexible, portable Deltas have won their place—in tiny one-man shops as well as in mammoth mills and factories of our defense front.

If you're still "cracking eggs with a steam hammer," let us tell you how Delta machines can serve your needs.

SEND FOR CATALOG

which describes complete line of DELTA-Milwaukee low-cost high-quality machines and illustrates how industry is using these machines to speed up production and reduce costs.

The Delta Manufacturing Co., 929 E. Vienna Ave., Milwaukee, Wis.



DELTA MILWAUKEE

World's largest manufacturers of low-cost, high quality drill presses • grinders • abrasive finishing machines • cut-off machines • circular saws • band saws • scroll saws • lathes • jointers • shapers

THE WAR—AND BUSINESS ABROAD

New Moves Aim at Supply Lines

Axis, suffering reverses, is expected to swing against western Mediterranean and urge Japan into action in Pacific. British protect Arctic route. Shifts emphasize U. S. role.

With swift, bold thrusts, anti-Axis forces continued over the weekend to push their advantage in attacks which cost the Germans severe losses on several fronts.

In Libya, British troops advanced steadily in a series of thrusts aimed at encircling German and Italian troops. Tanks, planes, and—along the coast—naval vessels participated. Despite fierce opposition from the entrenched Germans and Italian forces, the British held all of last week's gains and battled through to the sea south of Benghazi to cut the main lines of Axis communications which run along the coast to Italy's main Libyan port at Tripoli.

Lost Empire

On top of the reverses in Libya, Italian troops surrendered their last stronghold in Ethiopia to the British—at Gondar. It was expected, but the surrender at this particular time increased Italian gloom perceptibly.

But, to date, the war's most serious reverse for the Axis is that which the Germans have suffered at Rostov. Last week's bold Russian flanking attack has forced the Nazis to abandon this Pittsburgh of the eastern Ukraine, and to fall back along the Sea of Azov toward Mariupol.

On the Moscow front, German losses in the south around Tula have been counterbalanced by hard-won gains north of the Red capital.

Arctic Front?

It was in the face of these developments that anti-Axis forces revealed what their next move to relieve the pressure on Moscow is likely to be. British submarines, operating north of Norway, attacked a big German convoy apparently headed for Petsamo, and sank eight transports and supply ships. Later, London rumors that Britain will declare war on Finland strengthened the belief that the British are probably planning to send aid to the Russian troops which are holding Murmansk. Such a campaign would shield Archangel—now Russia's main port in the north—and might initiate a drive down the Murmansk-Leningrad rail line—a section of which is held by Finnish troops.

Faced with these serious threats to their winter program, the Germans this

week prepared a countermove intended to seize the initiative again and develop a new threat to Britain's vital supply lines through the Mediterranean and around Africa.

"Collaboration"

What Goering proposed to Pétain in this week's momentous meeting has been feared for months but anticipated only since the recent removal of Weygand from control of France's strategic North African colonies.

Berlin, at this point, must try to reduce British and American aid to Russia, break the British offensive launched in Libya, weaken Britain's steadily increasing military threat in the Middle East, and discourage a Murmansk adventure.

The Germans are gambling on two moves to do the job for them. One is to force the Vichy government to hand over the remnants of the French fleet and the African military and naval

bases. The other is to push Japan into a war in the Pacific.

If Germany, utilizing the French fleet in combination with what is left of the Italian navy, can open up a line of communications between Italian ports and the great French naval base at Bizerte, in Tunisia, the present British successes in Libya will be almost completely nullified.

The Nazi Threat

If the Germans operating from Dakar (where they are already entrenched though without well-established supply lines) can harass Britain's supply lines along the west coast of Africa at the same time that German troops threaten the Gibraltar base from Morocco—and possibly from Spain where the Franco government is completely under the thumb of the Axis—Britain's position in both Libya and the Middle East will be seriously threatened.

If, at the same time, Japan can be induced to risk a Pacific showdown (page 15) which will tie up Britain's Far Eastern forces, drain fuel and munitions from India where facilities to reproduce them are limited, and force the United States to divide its still small flow of defense supplies between the Pacific and the Atlantic, Hitler believes he can regain the initiative and force a negotiated peace while the Axis is still on top.

There is no longer any surprise element in these German threats. Wash-



BURMA ROAD PATROL

Of the 200 pursuit planes originally allocated to China under lease-lend, nearly 100 remain—despite hasty diversions to Russia—to patrol the 700-mile

Burma Road (above), which Japan again threatens to cut in a new offensive from bases recently completed in Indo-China. This week Washington tacitly admitted that American pilots are now in China ready to go on duty.



IS PHILADELPHIA IN THE CHIPS?

Offhand, judging by the way Defense Stamps are selling in Philadelphia, you might think that Philadelphians had struck it rich. Actually, it's just that a bunch of young Americans decided to do something about Defense Stamp sales. The Bulletin Newspaper Boys elected to take on the extra job of selling Defense Stamps and delivering them to Philadelphia homes!

• As a matter of fact, there is a lot of new money flowing in Philadelphia. In this one area, a little over 2% of this country's population has taken on over 10% of the National Defense work. That makes more jobs . . . more money . . . more sales. But even that cannot belittle the success of these energetic newspaper boys.

They were not content merely to talk about Defense Stamps. They volunteered for a harder job. Following a plan* which was worked out by The Evening Bulletin with the U. S.

Treasury Department — they are selling and delivering over 250,000 Defense Stamps every week. They receive in return the satisfaction of doing something tangible to serve Defense.

The main job of these newspaper boys is still to deliver The Bulletin to homes promptly, courteously and in all kinds of weather. It's a big job, because more people count on The Bulletin every day than on any other newspaper in Philadelphia.

This has been true for 36 years, for people have learned that news just

naturally appears surely and accurately in The Bulletin. They have learned to look for advertising in their favorite newspaper. The Bulletin carries 69% more national advertising than any other daily newspaper in Philadelphia (excluding classifications not acceptable to The Bulletin).

★Details on this plan for selling Defense Stamps are no secret. Any business organization which can possibly use them may have the details. Just address The Evening Bulletin, Philadelphia, Pa.

IN PHILADELPHIA—NEARLY EVERYBODY READS THE BULLETIN



Inflation meets a bear . . .


When Better Value Swings the Sale

ONE good way to make consumers forget higher prices of food products is: put more *food value* in the food. Add vitamins. Build your product up to its natural, pre-processing nutritional par—and advertise the fact.

There are lots of good reasons why vitamins these days have a bearish effect on price-consciousness. They are better selling helpmates today than ever before—and are becoming more so. Consumers are coming to prefer the foods which they *know* give them better nutritional value.

So when you start searching for first-rate oil-soluble vitamin concentrates for adding to foods—save time and trouble: come straight to headquarters. That means Distillation Products, Inc. We're "headquarters" for Vitamins A & D because the concentrates we market are pretty much in a class by themselves for excellence and sheer all-around value. Don't take this word for it: we have proof. Ask to see it. Ask for our illustrated brochure, "The Story of Vitamin A Esters", and other literature: just specify the vitamins (oil-soluble ones) that interest you. An inquiry, too, will get you acquainted with our Service Laboratory—as efficient a source of food-fortification facts and help as can be found anywhere today.

LEARN TO RELY ON DPI
FOR THE BEST IN OIL-SOLUBLE VITAMINS



DISTILLATION PRODUCTS, Inc.

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Sales agent: Research Products Div.,
General Mills, Inc., Minneapolis, Minn.

"Oil-Soluble-Vitamin Headquarters"

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ington warned Finland several weeks ago that it disapproved of the continued war against Moscow. Helsinki is helpless to resist the Germans, but the United States has made it plain that eventually it may be supporting a new northern drive against the Axis.

U. S. Getting Set

Last week's occupation of Dutch Guiana was in anticipation of German pressure on Vichy and a Nazi move into French colonial bases. American troops will occupy both French Guiana and Martinique whenever Vichy openly hands control to Berlin.

The United States has a string of naval and air bases stretching all the way to the bulge of Brazil and, only a few weeks ago, Pan American Airways established regular air service along this route and across the South Atlantic to Leopoldville, Belgian Congo (BW—Nov. 15 '41, p17). Using the same bases, bombers can be delivered to Libya, the Middle East, and Russia or patrol planes can help to keep sea lanes in the South Atlantic open just as is being done in the hazardous North Atlantic between America and Iceland. Not all of the advantages in the North African threat are in the hands of the German government.

Raising the Ante

Washington has raised no false hopes on the basis of the recent German reverses in Russia and Libya. Neither has London.

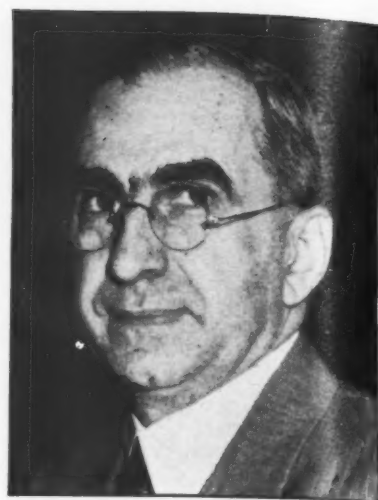
Defense planners in the United States have recently upped their estimates of what it will cost this country to force an Axis defeat to \$150,000,000,000 (from \$100,000,000,000). They know that the United States will be forced early next year to cut quickly and drastically into consumer production in order to meet staggering new demands for defense goods from all fronts. This week's warning from Chungking that the Chinese cannot meet any big new Japanese offensive without vast material aid from Britain and the United States confirms earlier rumors that for several months supplies originally destined for China have been sidetracked to Russia or the Philippines.

Draft for Production

In London, the British are preparing to draft all men up to 50, all women up to 40, for a great new labor army which will boost Britain's wartime production or release younger workers for service at the front.

In the East, Britain has again ordered all strategic areas from Hong Kong to Singapore to be put on a war basis, and the Netherlands East Indies has mobilized all active and reserve officers in the air forces and ordered the fleet to battle stations.

More tense weeks are ahead of us.



TO MEXICO

George Messersmith, career diplomat, and present U. S. Ambassador to Cuba, is President Roosevelt's choice to replace Josephus Daniels as Ambassador to Mexico City—and to carry out the new U. S. trade agreement with Mexico (BW—Nov. 29 '41, p22).

Real Price Control

Canada swings its drastic program into action. Calls for cooperation but lays plans to enforce. Goes easy on farmers.

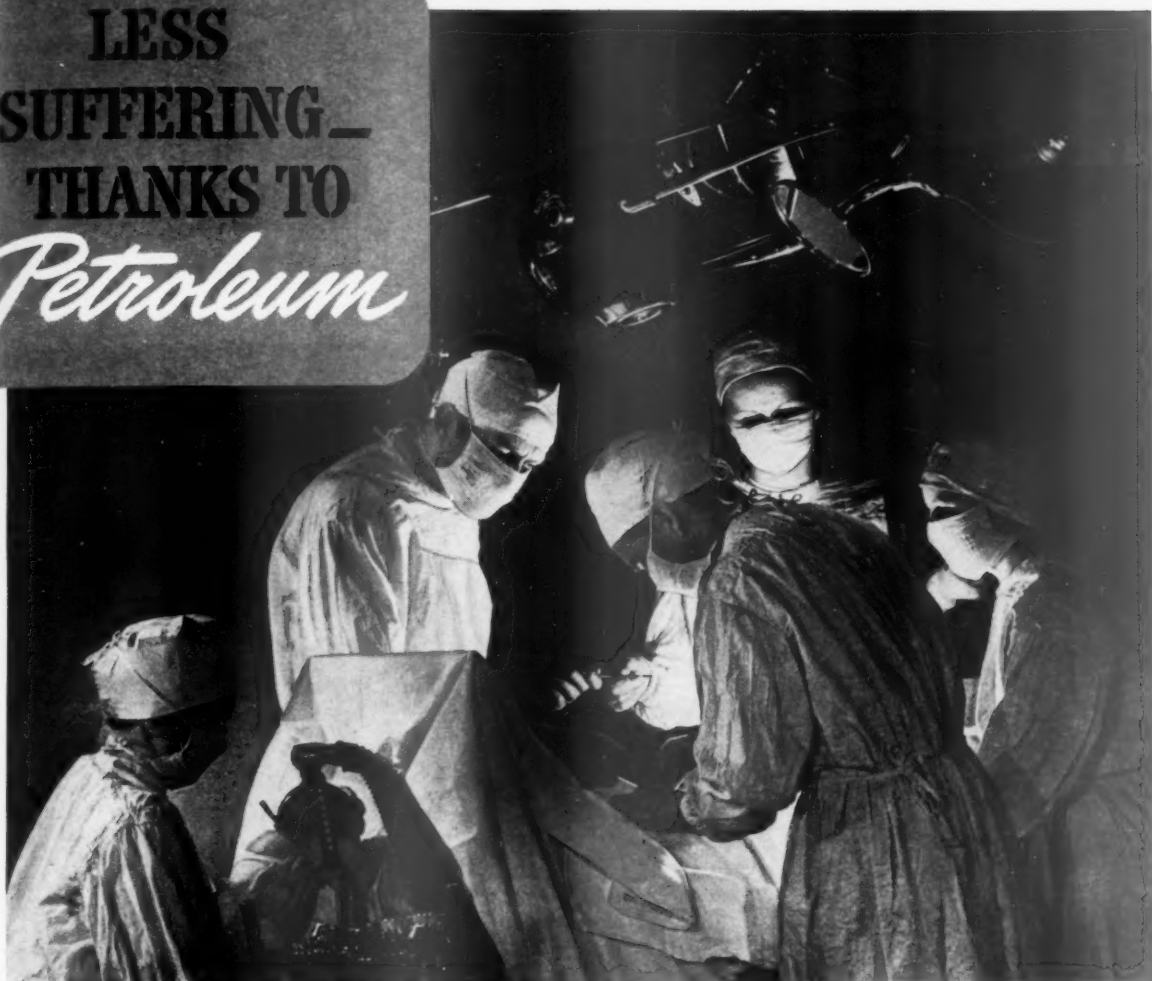
OTTAWA—Biggest advertisement in many a Canadian daily newspaper last Monday morning was a full-page warning to the public and to business that the Dominion's drastic price control program was in effect—beginning Dec. 1. (In the United States most dailies editorialized on the way in which the House emasculated the American price-control bill—page 17—before passing it, 224 to 161.)

● **Inflation Primer**—Deliberately ignoring two months of ballyhoo since the price control scheme was proposed, Ottawa's thorough-going Price Administrator, Donald Gordon, had ordered his staff of special copywriters (BW—Nov. 29 '41, p46) to draw up a primer of the A-B-Cs of the new price-control program telling, officially, just what consumers, retailers, wholesalers, and manufacturers must do to comply with the new law.

The theme of the government's campaign—which is scheduled to continue for a month—was: "No cheating or evasion of the price ceiling law will be tolerated."

Briefly, Canada's program decrees that retail prices, beginning Dec. 1, cannot be higher than those at which goods

LESS SUFFERING— THANKS TO *Petroleum*



With *cyclopropane* anesthesia, not only is surgery as painless as with ether, but there is almost no nausea or "gas discomfort" afterward . . .

Scientists at Shell's research laboratories were seeking "the makings" of glycerine in a petroleum gas. In the compounds from which they finally produced glycerine, they found the substance needed to make *cyclopropane*—quickly and at low cost.

It is the lifework of these Shell scientists to perform seeming miracles with petroleum. They start with crude oil, and come out with an ingredient for synthetic rubber, or a plastic, or TNT, or a vitamin . . .

Or, more frequently, with a basic improvement in Shell fuels or lubricants—*always the principal direction of this research.*

INDUSTRIAL LUBRICATION is advancing as rapidly as production itself. Yesterday's solution is seldom good enough for today.

Shell's \$3,500,000 research facilities, manned by 821 scientists and assistants, exist solely to

create better products and perfect better lubrication methods. The revolutionary new Shell Turbo Oil is an example.

In hundreds of instances, Shell lubrication engineers, backed by this great research organization, have found ways to speed up production, and lower operating costs, by improving lubrication methods.

Before Shell industrial lubricants are offered to you, they are plant-tested—proved—under all kinds of actual operating conditions. And with the use of Shell lubricants, you are assured of the continued watchfulness of Shell men—a service that needs no prompting.

.

Are you quite sure that your plant has the benefit of all that is new in lubrication, as it develops? You will find a Shell man's recommendations entirely practical—and made without obligation.

SHELL INDUSTRIAL LUBRICATION



CANADA STARTS PRICE CONTROL

Directory of Dominion business leaders named by Ottawa to administer the price control program which went into operation Dec. 1.

Chairman, Wartime Prices and Trade Board, Donald Gordon (Deputy Governor, Bank of Canada).

Executive Assistant, E. A. Horton (Ontario Ministry of Labor).

Enforcement Administrator, F. A. McGregor (Anti-Combines Administrator). Deputy Administrator, H. M. Brown.

Members of the Board

Donald Gordon, Chairman
K. W. Taylor, Secretary
R. C. Berkinshaw, Wartime Industries Control Board

J. G. Bouchard, Department of Agriculture
W. L. Gordon, Department of Finance
Yves Lamontagne, Department of Trade & Commerce

F. A. McGregor, Anti-Combines Administrator

H. B. McKinnon, Commodities Equalization Corp.

A. M. Shaw, Department of Agriculture
David Sim, Department of National Revenue

Bryce Stewart, Department of Labor
D. Wilgress, Department of Trade & Commerce

Industry Administrators

BAKERY PRODUCTS

William Harrison
Harrison Bros. Bakery
Montreal

COAL

J. McG. Stewart
Lawyer
Halifax

CONSTRUCTION PRODUCTS

R. S. Norris
Norris Construction Co.
Toronto

FEED

F. W. Present
Toronto Elevators Co.
Toronto

FISH PRODUCTS

Alexander Neil McLean
Connors Bros.
Black Harbour, N. S.

FOOD

Hon. J. G. Taggart
Saskatchewan Minister of Agriculture
Regina

FOOTWEAR

L. d'Aoust
d'Aoust, Lalonde & Cie
Montreal

FURNITURE

J. E. Ferguson
Furniture Manufacturers Association
Toronto

FUR

Michael Morris
A. Hollander & Sons Ltd.
Montreal

HIDES & LEATHER

Maurice Samson
Chartered Accountant
Quebec

JEWELRY

Herman Levy
Levy Bros. Co. Ltd.
Hamilton, Ont.

PHARMACEUTICALS

W. M. Grant
Parke Davis & Co.
Walkerville, Ont.

PULP AND PAPER

Wilbert H. Howard, K. C.
Howard Paper Co.
Montreal

RENTALS

Hon. J. D. Hyndman
Alberta Supreme Court
Edmonton

RETAIL TRADE

Coordinator
E. G. Burton
Robert Simpson Co.
Toronto

Deputy Coordinator
R. B. Whitehead
Robert Simpson Co.
Toronto

RUBBER & RUBBER PRODUCTS

Alexander Martin
Canadian Bank of Commerce
Toronto

SERVICES

James Stewart
Canadian Bank of Commerce
Toronto

SUGAR

S. R. Noble
Royal Bank of Canada
Montreal

TEXTILES & CLOTHING

Coordinator
F. B. Walls
T. Eaton Co. Ltd.
Montreal

Deputy Coordinator
Walter Zeller
Zeller's Ltd.
Montreal

Artificial Silk

Shirley Dixon, K. C.
Courtaulds, Ltd.
Montreal

Cotton

J. G. Dodd
Dominion Textile Co.
Montreal

Wool

D. C. Dick
Dominion Public Bldg.
Toronto

Clothing—Men's

H. R. Cohen
Freedman Co.
Montreal

Clothing—Women's

J. A. Klein
Klein Manufacturing Co.
Montreal

Clothing—Work

A. Bradshaw
A. Bradshaw & Son
Toronto

Furnishings (Men's & Boys')

J. D. C. Forsyth
John Forsyth Ltd.
Kitchener, Ont.

Knit Goods

H. G. Smith
Mohawk Mills
Hamilton, Ont.

WHOLESALE TRADE

R. F. Chisholm
Gordon Mackay & Co. Ltd.
Toronto

were sold during the four weeks from Sept. 15 to Oct. 11.

Manufacturers and middlemen are allowed to vary their prices from base period levels so long as they do not shift the bulk of the squeeze to the retailer.

• **Easy on Farmers**—Though Canada has been far more hard-boiled than the United States in drawing up its inflation-control law—the Dominion put a ceiling over defense wages last summer (BW—Jul. 19'41, p14)—Ottawa found itself obliged at the last minute to go easy on farm prices. Only two days before the law went into effect, the control board ruled that prices charged by farmers for livestock, poultry, eggs, milk, cream, dairy butter, cheese, honey, and maple syrup would not be frozen at base levels when sold directly to processors, manufacturers or dealers.

However, since the ultimate retailer is bound to hold his prices below the new price ceiling, whatever price advances are allowed the farmer will have to be at the expense of the middleman's profit margin.

• **Import Monopoly**—Special allowances are made for imports, the prices of which cannot be controlled. A government commodities purchasing corporation is being set up under Hector B. McKinnon. This corporation will buy for the entire Dominion in world markets and sell at a loss, when necessary, to domestic processors and retailers. Cotton, steel, rubber, cocoa, tea, and coffee are key imports likely to be handled in this way.

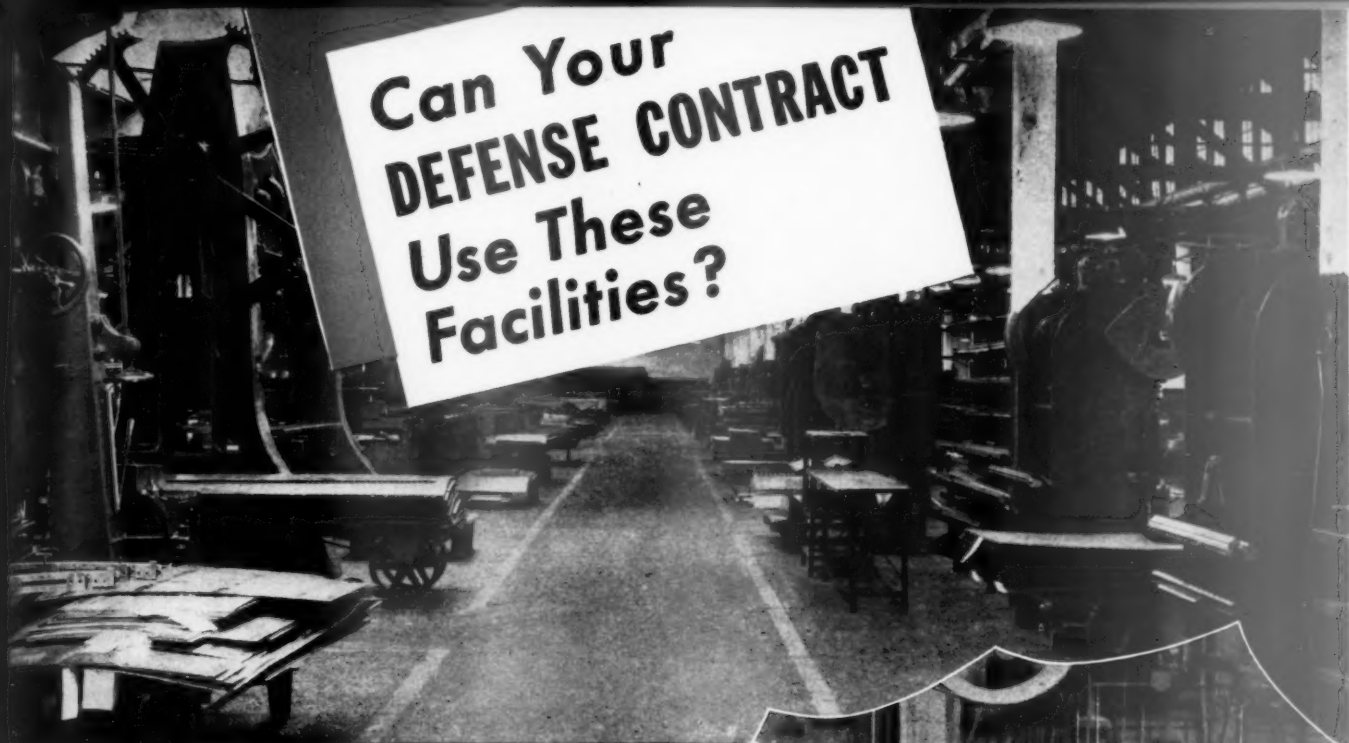
The burden of enforcing price controls will rest equally on the public and on business. But to handle complaints and all the routine of organization, Price Controller Gordon has drafted a group of business men to act as administrators (page 64). Ottawa is depending on its big publicity campaign to whip up public interest in the program to such an extent that it will keep retailers in line. Where retailers claim that the manufacturer is squeezing them, the case will be reviewed and, if not settled satisfactorily and quickly, will be aired in the press. Penalty for infringement of the new law is a fine of \$5,000.

• **Cotton Industry Helps**—Ottawa had one gratifying indication of industrial cooperation even before the plan went into operation.

The primary cotton manufacturing industry advised its customers that prices to secondary manufacturers and distributors would be reduced in order to permit maintenance of the retail price lid without excessive disturbance of margins for any section of the trade. The amount of these reductions was not determined but this is the kind of cooperation from business that Controller Gordon wants to receive.

Major complaint of most retailers has been that base period prices are too close to current replacement costs to give

Can Your DEFENSE CONTRACT Use These Facilities?



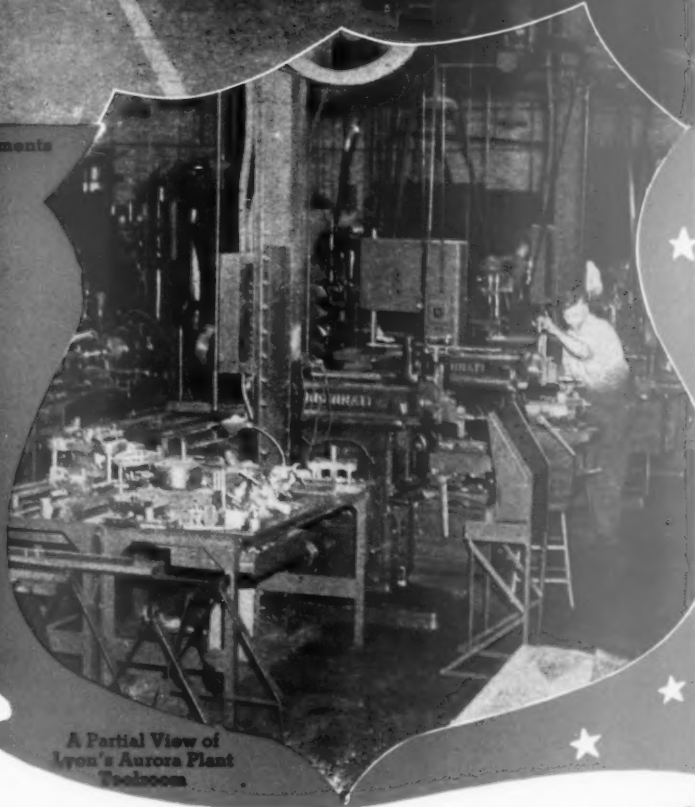
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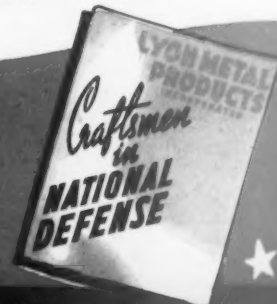
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A Partial View of
Lyon's Aurora Plant
Toolroom

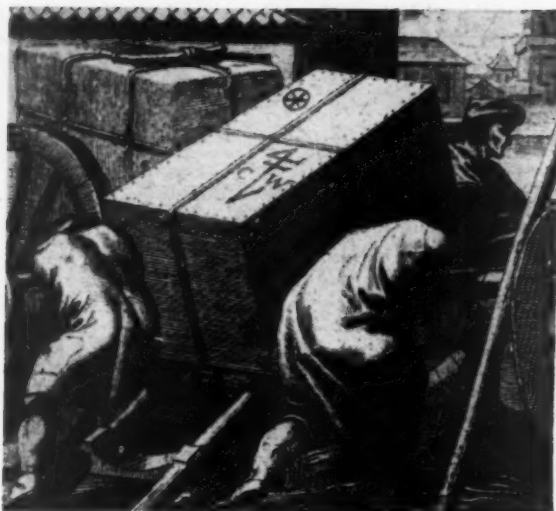
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LYON METAL PRODUCTS, INC.

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TRADING "UGHS" FOR ERGS

also raises a question

CAN YOU walk through *your* plant and spot a re-enactment of this scene from the Middle Ages? Can you do so without questioning the actual *costs* of middle-aged materials handling methods?

The men are moving materials. Yes—but *how fast*? The men are lifting a load. Yes—but *how high*? The men are doing a necessary job. Yes—but it is a non-productive job, adding to cost but not to value; so the man-hours involved must be held to a minimum if over-all operations are to show a profit.

Raise the question of costs; Towmotor will answer it. Towmotor, the powerful, functionally-engineered lift truck is making man-hours more productive in hundreds of companies in many varied lines of industry. It is speeding carrier-loading jobs, spotting materials to keep machines humming, expanding warehouse storage capacity, *keeping costs anchored*.

How? By providing in one compact, adaptable machine, ground speed up to 10 miles per hour; lifting capacities from 1,000 to 10,000 pounds; lifting speeds as great as 40' per minute up to 25 feet high; 24 hours' continuous operation for less than the cost of 24 man hours;



In less than ½ minute Towmotor loads a 300-lb. drive gear case, for heavy-duty earth moving tractors, into a highway truck. Using hand power chain hoists, 16 man-hours were formerly required in this plant to move 40 such cases 50 feet and stack them two-high; now one man with a Towmotor completes that operation in from 20 to 30 minutes.

one-man handling of *unit loads*, simply, safely and with high maneuverability.

Where present operating emphasis dwells on more speed, more space, or *both*, Towmotor is taking a load off the hands and minds of management. Tomorrow, when emphasis again shifts to *costs*, Towmotor will still be right at home on the job.

Towmotor engineers are ready now to survey your materials handling methods, show you how and where a Towmotor system can be set up to abolish inefficiencies. These analyses and recommendations are yours without obligation. Ask us to develop them now—to help you locate cost-leaks today, plug them tomorrow. Towmotor Company, 123-5 East 152nd Street, Cleveland, Ohio.

TOWMOTOR
CLEVELAND
STAYS ON THE PROFIT SIDE

them sufficient margin to operate. Action of the cotton industry is hailed by control authorities as an example in distribution of initial price-roof losses designed to make the control policy effective.

• **Voluntary Price Adjustments**—Price adjustment in cottons is in direct line with Gordon's rulings that the cost of replacement goods and price terms on advance orders should be adjusted voluntarily or by agreement among various branches of the trade. It came after the big shots of the cotton industry had heard Gordon's story of the perils of inflation. Other branches of the textile industry, including woollens, are preparing to fall into line.

One of the most difficult problems which the administrators face is to see that manufacturers do not cut quality with a view to keeping within the price limitations.

In the automotive field, the board has ruled that prices for 1942 passenger cars and trucks must not be higher than 1941 prices.

• **Ceiling Over Salaries**—At the same time that business is adjusting itself to the new price program, managers are revising wages to meet their new cost-of-living bonus agreements with workers. Up to Oct. 1, the cost of living in Canada had risen 14.6 points since the outbreak of the war (compared with 9.4 points in the United States). Under the new bonus system, defense workers have been promised a 25¢-a-week bonus for rise of one point in the Dominion's cost-of-living index. This means that the maximum weekly bonus now payable is \$3.65. Civilian industries, not included in the original bonus plan introduced last summer, are compelled to pay the bonus after Feb. 15, 1942.

The new salary ceiling for business executives is more rigid than the wage ceiling. Salaries of all industrial or business officers above the rank of foreman (with all receiving \$250 or more so classified) are frozen at the Nov. 6 level. Salaries include bonuses and other extra payments. Promotions are not barred but eventually will come under review by National Revenue Department and may be disallowed. Where a promotion places an executive in the salary class of \$7,500 or higher, government authorization must be secured in advance. The cost-of-living bonus is not paid to persons receiving \$3,000 or more.

HEMISPHERE AIRLINES

Pan American-Grace Airways has inaugurated daily, six-hour airmail service between Santiago, Chile, and Buenos Aires, Argentina. Further north, Pan American started daily flights this week between Brownsville, Texas, and Guatemala, by way of Mexico City. Both are part of Washington's new program to speed up hemisphere communications.

Tungsten Deal

U.S. will buy Argentina's entire output to squeeze Japan, boost home supply, help a neighbor diversify economy.

Washington completed a deal with the Argentine last week which has both short- and a long-term objective.

Beginning immediately, the United States is going to buy Argentina's entire production of tungsten, the metal used to harden steel. The contract runs for three years, fixes the price in Argentine pesos at a rate of approximately \$1,500 a ton, and cover quantities which may run as high as 3,000 tons a year. Argentine production this year, even after two years of wartime boom in the tungsten market, will barely top 2,000 tons.

Three Objectives—Washington has three reasons for making this bargain now. Foremost, so long as the sharp diplomatic maneuvering with Tokyo continues, is the determination to cut off the flow of a strategic material to Japan, which last year bought nearly half of Argentina's tungsten and has been running the price to unprecedented levels this fall in a desperate effort to meet the demands of the Japanese steel industry (BW—Jun.21'41, p.15).

Only a little less important is Washington's need for every ton of tungsten it can acquire to meet the soaring needs of its booming steel industry. The United States produces about 3,000 tons of tungsten in a good year, and this is considerably less than half this country's requirements at the present rate of steel output.

Asiatic Suppliers—Biggest foreign supplier has always been China, which has produced as much as 18,000 tons in a good year. Since the only other important suppliers are Burma and Malaya, they are all vulnerable to any Far Eastern crisis which might disrupt or completely cut off all our deliveries from that part of the world.

The Argentine deal, following a similar arrangement made with Bolivia several months ago, assures this country of 4,500 tons of tungsten a year (Bolivia 2,500 and Argentina 2,000) from relatively less risky supply sources.

Help Argentina Diversify—Washington has another objective, however, which is definitely long-term. It is a part of this country's hemisphere program to help the predominantly agricultural and one-crop countries of Latin America to diversify their economies (BW—June29'40, p.16).

To encourage this, Washington has already helped start large rubber experiment stations in Brazil, Haiti, Costa

Tested 50 different ways..

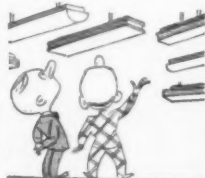
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CERTIFIED by famous Electrical Testing Laboratories as meeting these 50 rigid specifications, set up by MAZDA Lamp makers for your protection.

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Rica, and has encouraged the rubber companies to develop modest plantations in these countries which will provide at least a portion of our vast rubber needs and effectively break the natural rubber monopoly which has been held by southeastern Asia for many years.

• **Brazilian Manganese**—At the same time Brazil is being encouraged to develop its steel industry and push its production of manganese—another strategic material for which the United States is almost completely dependent on foreign supplies. Small handicraft industries are being encouraged in Peru (BW—Nov. 22 '41, p. 68); Argentina has been offered a larger share of the American import market for a long list of miscellaneous food items formerly supplied by Europe (BW—Oct. 18 '41, p. 74); a new trade deal with Uruguay along similar lines will be announced before the end of the year.

The tungsten deal will work along these same lines. Encouraged by an assured market and a fixed price, Argentine mining interests are expected to boost output. With this expansion, Argentina may also uncover modest supplies of other metals along the country's Andean border where in recent years Argentina has developed a small, but profitable, tin mining business.

Nazi Labor Dearth

That and a breakdown of transportation, rather than raw material problem, now seen as Reich's biggest war worries.

BERLIN—For more than two years the Germans have been drinking ersatz coffee, wearing clothes made from ersatz materials, and getting along with little or no gasoline for their automobiles—all because of the effectiveness of the British blockade and their own determination to give up the comforts of life long enough to win the war. But by this week it began to look suspiciously as though it would be a shortage of labor and a breakdown of the transportation system rather than the blockade which would cause their undoing.

• **Why Hosiery Is Scarce**—The ration cards issued to Germans long ago allow women six pairs of stockings a year. Recently, however, it has been increasingly difficult to find stores with any hosiery in stock. At first the public suspected that the shortage was due to a dearth of cotton and rayon, or to transportation tie-ups.

This week the government admitted that there were adequate supplies of these raw materials but that the girls who ordinarily operate the intricate knitting machinery in hosiery mills had

been transferred to munitions plants. The Reich is too busy to train new workers for any nonessential industry.

• **Foreign Workers**—German officials claim 2,000,000 foreign workers are now employed in the Reich. More than 100,000 of them are skilled workers from France who have been unable to find employment at home. A few are Russians who are working on large estates in eastern Germany and East Prussia. A good many are Italians brought to Germany to help with the farm work. And last week the first shipment of Spanish workers arrived—most of them miners and skilled construction laborers.

Only slightly less acute is the transportation bottleneck. Despite frantic efforts to shift all bulky freight to the country's excellent canal system, German railroads are seriously overtaxed and passenger train schedules are being increasingly curtailed. Almost every day, the big newspapers in all industrial centers carry large advertisements by the State Railways asking shippers to be lenient if deliveries are slow.

• **Rail Acquisitions**—Since the outbreak of the war and the conquest of territory stretching from Cherbourg to Kharkov, the network of lines under German control has increased to five times the total for the old Reich. In the West—France, Belgium, Holland—the Germans grabbed locomotives and rolling stock that was in good condition and built for the gage that is standard for all of

Europe except Spain and Russia. In occupied Russia, the Germans have had to lay a third rail to fit their narrow-gauge rolling stock because the Russians left nothing behind in the way of equipment.

There is no threatening resentment over these mounting inconveniences in Germany. But—with new demands for higher output and speedier deliveries and activity increases on all fronts—there is real concern over these two bottlenecks.

WAR AND BUSINESS

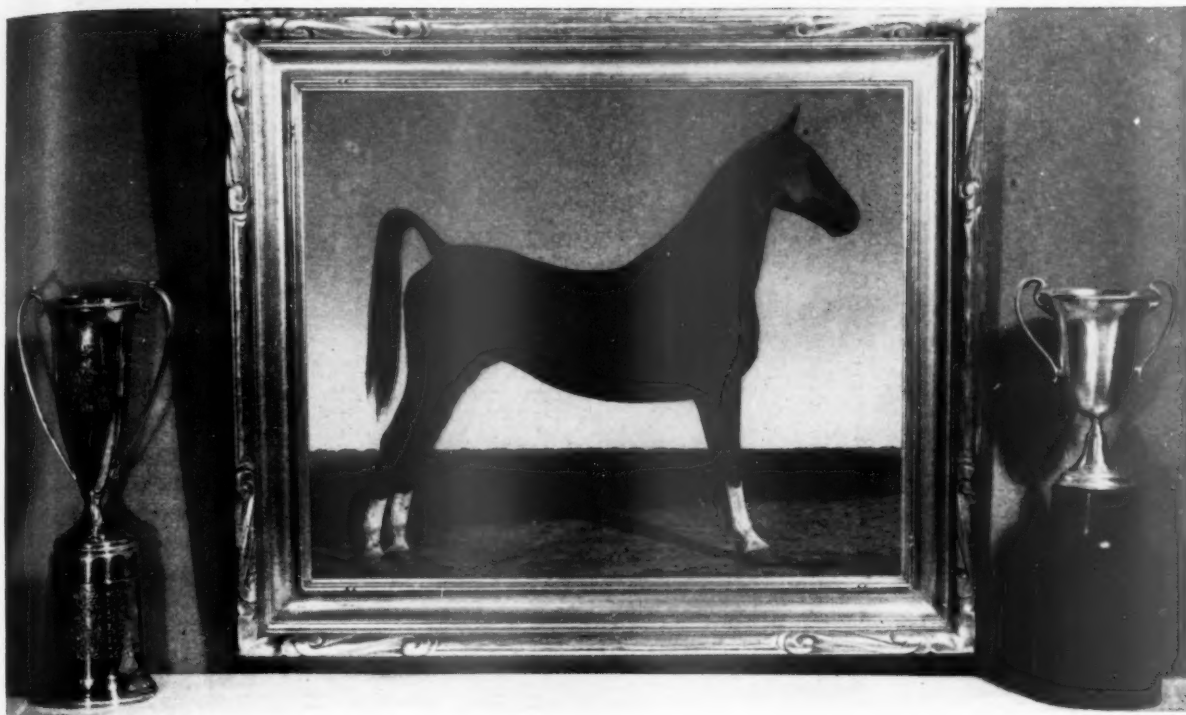
Harcourt Johnstone, Secretary of the Department of Overseas Trade, warned British advertisers not to run impressive advertising campaigns for business in the United States for fear Americans will "get the idea we are more interested in selling than winning the war." But the same week, American zipper manufacturers protested that there is no curtailment of production in Britain though the American industry is forced to shut down for lack of copper. . . . Anglo-Iranian Oil Co., in belated statement on 1940 business, reported profits of £2,842,000, compared with £2,988,000 in 1939. . . . American oil engineers have arrived in Burma to make a survey for a pipeline along the 700-mile Burma Road. . . . Britain will buy San Domingo's entire 1942 sugar crop of 400,000 tons and the Haitian crop of 30,000 tons at a guaranteed price of 24¢ a pound.



ASHLAND, KY., BOMB SHELTER

American Rolling Mill Co., which supplies bomb shelters to the Army and Navy, has built an exhibition shelter for citizens in the area of its Ashland, Ky., plant. At its inauguration, American Rolling Mill officials

and their guests had breakfast in the shelter, were treated to a recording of an air-raid. The shelter equipment duplicates that of English shelters—ventilating system, gasoline stove, dishes and utensils, food lockers, chemical toilet, water barrel, fire extinguisher, pick and shovel, stretchers



HE HAS WHAT IT TAKES

• Chances are a thoroughbred will go places . . . for he *has what it takes*—breeding, stamina and the best in training, experience and knowledge his owner can provide.

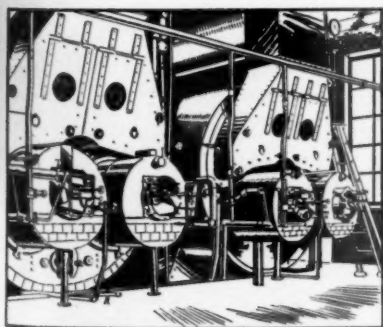
American industry is going places too . . . in the Gulf South. For industry located in this region of rich natural resources *has what it takes* to meet the more exacting and ever-increasing demands of today's new industrial order.

For instance, abundant Natural Gas, industry's fastest quality fuel, helps step up production, improve quality and cut over-all costs. Quick, convenient transportation . . . readily available plant sites on inland or coast . . . ideal living and working conditions in a mild year-round climate . . . available, white, intelligent, competent labor are only a few of the many reasons

why industry in the Gulf South *has what it takes*.

Join the march of industry to the Gulf South. This Company's organization and facilities are available to industries interested in Gulf South opportunities.

Advise us of your requirements . . . without obligation we shall be glad to make a confidential survey for you.



Shown above is a boiler room in a Gulf South alcohol plant where Natural Gas generates 18,000 to 20,000 pounds of steam per hour.



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COPY, 1941 UNITED GAS PIPE LINE CO.

PRODUCTION

Super-Food Test

Mass diet experiment will enlist 1,000 aircraft workers in California to determine effect of extra vitamins and minerals.

A genuinely scientific large-scale nutritional experiment is getting under way in Southern California where 1,000 workers in the plants of Lockheed Aircraft Corp. and North American Aviation, Inc., are volunteering for "super-feeding tests."

• **Complete History**—Each volunteer knows in advance that he will be file-carded with a complete nutritional history showing the quality and quantity of his habitual diet, a searching medical history including the results of intensive physical tests calculated to uncover any physical disability or food deficiency, and a work analysis revealing his production record in detail. No one will be asked to change his eating habits during off hours, but each will be supplied with a nutritious and satisfying supplementary meal during the day.

All the 1,000 meals on a given day will look and taste exactly alike, but 500 of the volunteers will get an extra daily ration of vitamins and minerals. As far as possible, the other 500 (the scientists call them "controls") who will be skimped are men who "don't go for this vitamin thing" anyway. Periodically over a stretch of months, all the medical histories and work analyses will be brought up to date. Every illness, every minute of "lost time" will be checked scrupulously.

• **Time Element**—Some nutritional experts believe that the vitamin-fortified diets will show their worth in improved health and increased work capacity within six months; others believe nine months or a year to be more likely. Whatever their opinions, all agree that the tests should be prolonged if necessary until definitive conclusions can be drawn.

Back of the comprehensive survey is the national government itself, working through the National Research Council which has allocated a fund of \$30,000. California Institute of Technology and the University of Southern California are contributing money, time, and equipment totaling about \$10,000. California Fruit Growers is adding \$1,000 and laboratory facilities. The Los Angeles County Supervisors have pledged \$8,700 to supplement the facilities of the County Health Department and the Department of Institutions. Lockheed

and North American are not only permitting the tests "on company time," but are each putting up \$2,000 and the services of their medical and laboratory staffs.

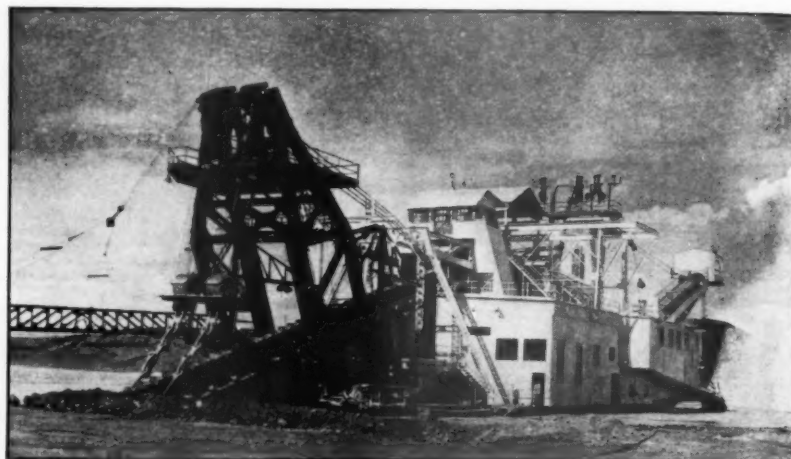
• **Supervisor Group**—Supervising the nutritional survey, which will be extended to three or four other sections of the country now under consideration, is a subcommittee of National Research's Committee on Food and Nutrition, called the Committee on Nutrition in Industry. Chairman of the subcommittee (and vice-chairman of the parent committee) is F. G. Boudreau, M. D., executive director of the Milbank Memorial Fund with a long and successful record of research in the fields of health and social service.

Commenting on the anticipated results of the survey, Dr. Boudreau quotes the British Medical Journal for Jan. 18, 1941: "The primary effects of malnutrition as seen in the deficiency diseases are well known. Only one—the effect on working efficiency, which is of special importance at the present time—need be referred to here. The improvement of the diet of workmen

whose diet was not previously up to the standard for health is followed by increased output without any conscious increased effort and also by a reduction in the number of accidents."

• **Industry's "Rejects"**—Dr. Boudreau points out that industry is getting an increasing number of "rejects"—young men who, because of nutritional defects, have not been able to meet draft requirements—men and women, old and young, who may have been out of work and not eating too regularly for long periods of time. "When people aren't working," he says "they get along on a pretty poor diet. But when they are subjected to the physical and mental strains of modern industry, they begin to suffer from depressed mental states, 'weakness,' dizziness, backache, nausea, insomnia, loss of appetite, what-have-you. Ernest Bevin, the English labor leader, recognized all this partially when he decreed a canteen for all 'works' with 200 employees or over."

Several large companies active in defense work have offered to cooperate with Dr. Boudreau's committee along lines similar to those followed in the research in Southern California. When that job is well started, his crew will probably move on "to a large plant in the Northeast."



5¢ A BUCKET

Gold may be where you find it, but if you can earn only 10¢ to 15¢ a cubic yard on dirt handled, it may not pay you even to look for it. That is, unless you have the right kind of mining equipment. With a big dredge like this one, owned by the South Platte Dredging Co., that kind of dirt may be pretty profitable. At a cost of \$700,000 this giant dredge was built 10,000 ft. up on the Rocky Mountains near Fairplay, Colo. There the company has bought up 2,500 acres of land near the Continental divide, and the all-

steel, all-electric monster will spend its life expectancy of 15-20 years washing gold from this tract. Floating in 10 ft. of water, the dredge's original pool was drawn from the South Platte River. Now the dredge pretty much carries its pond along with it as it scoops up the 12 to 15 ft. of soil and gravel that overlies bedrock, passes the dirt over jigs and then over a series of riffles, and discharges the tailings at the back end in neat windrows. It is figured that the jigs and riffles recover from 5¢ to 7¢ worth of gold from the 11 cu. ft. of dirt picked up by each of the buckets.

Pills for Concrete

Use of burnt clay pellets made by patent process is studied on Coast. Makers stress lightness and insulation value.

Construction specialists on the Pacific Coast are studying a new development in which burnt clay pellets are used as a substitute for gravel and cinders in mixing concrete.

The pills are made of ceramic clays by a patented process that results in moisture-proof earthenware balls full of air cells. These cells are calculated to provide lightness, and insulation against temperature, sound, and moisture.

• **Lightness and Strength**—Strength of concrete made with these pills, say the manufacturers (W. F. MacGlashan Industries, Alhambra, Calif.) is in "satisfactory" ratio to lightness. Compression tests of 200 lb. per sq. in. are sustained by concrete weighing 90 to 100 lb. per sq. ft. (less than 66% the weight of stone concrete). Much lighter concrete can be made, according to the sponsors, but there is a sacrifice of about 20 lb. of compression strength for each pound of weight reduction.

The pellets themselves weigh from 10 to 50 lb. per cu. ft. according to size, which ranges from grains comparable to granulated table sugar up to balls two inches in diameter. A pea size has been found most in demand.

• **Pellets Become Waterproof**—Made at high temperatures, the fireproof pellets are bone dry, will absorb a little moisture at first, then become waterproof. Sponsors claim they make a strong bond with cement, can be used with binders like pitch, asphalt, rubber latex, and construction plastics. Apart from using a low water ratio, there are no special procedures in mixing.

The pellets greatly increase insulation value of concrete, the manufacturers insist. In floors, it is said to be warm, strong, and dry, eliminating "linoleum trouble," but for heavy duty it must be given a wearing finishing like ordinary concrete floors. Sponsors claim, also, that in reinforced concrete the pellets reduce weight even in beams without sacrifice of strength, that they eliminate aggregate pockets, and concrete made with them is stable under alternate freeze-thaw conditions.

• **About 80 Uses**—Manufacturers have found about 80 uses for the pills, many of them for insulation, as well as structural purposes. They cite as defense angles the possibility of producing lighter concrete barges and soundproof bomb shelters. Industrial applications range from reduction of vibration in machine foundations to general soundproofing.



NUT MEETS BOLT

and the assembly line moves on

Somewhere a man places a nut on a bolt, spins it down, and the assembly line moves on. How fast does he spin it down?

If the millions of bolts and nuts used annually in the automobile industry alone took just one-half of a second longer to spin down, the industry would be set back thousands of man-hours . . . and would lose thousands of dollars. And this, mind you, is based only on the time of that one man who spins down the nut . . . takes no account of tightening it up, or the slowing of entire assembly lines.

Think it over.

That little pair—the nut and bolt—which are so cheap and so common that you buy them by the pound, may be costing you hundreds of dollars monthly, simply because they aren't as clean of thread, as perfect of head, and as tough and hard as they ought to be.

Precision, quality, finish and strength have been the by-words of RB&W since 1845 when the manufacture of EMPIRE threaded fastenings was pioneered. Nuts and bolts are different . . . particularly in these times of rushed manufacturing needs.

BOLTS: Carriage - Machine - Lag - Plow - Stove - Elevator - Step - Tap - Wheel & Rim - Battery - U-Bolts - Tire - Automotive - Drilled - Faced - Special Heat Treated, etc. - **NUTS:** Cold Punched - Semi-Finished - Hot Pressed - Case Hardened - Slotted - Castle - Machine Screw - Marsden Lock - Low Sulphur - **RIVETS:** Standard - Tinners' - Coopers' - Culvert - Clevis and Hinge Pins - **SCREWS:** Cap - Machine - Hanger - Sheet Metal - Phillips Recessed Head - **WASHERS:** Plate - Burrs - **MATERIALS:** Steels - Alloys - Brass - Bronze - Naval Brass - Everdur - Hercules - and others - **RODS:** Stove - Seat - Ladder - **PLATED PARTS:** Cadmium - Zinc - Chromium - Nickel - Hot Galvanized - Copper - Tin - **SPECIAL UPSET & PUNCHED PRODUCTS.**

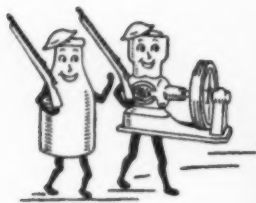


RUSSELL, BURDSALL & WARD
BOLT AND NUT COMPANY

PORT CHESTER, N. Y.

ROCK FALLS, ILL.

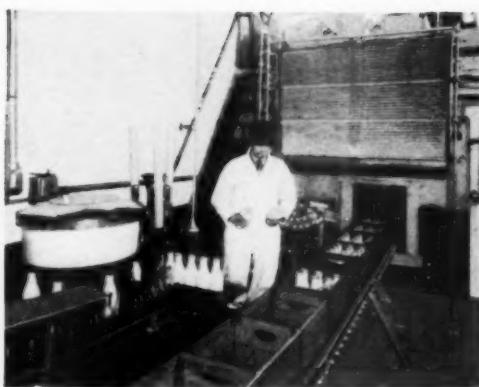
CORAOPLIS, PA.



**Trusted Ally
of the Food
Industries—**



Refrigeration



An army fights on its stomach. So does a navy, a city, a factory, a home.

Adequate refrigeration is absolutely essential to the nation's food supply. For nearly 60 years the food industries have considered Frick refrigeration a favorite. It helped win the last war, will be still more important in this. It's an ally you can trust.

Let us quote on that cooling system you need. **FRICK CO., Waynesboro, Penna.**

10
MINUTE

PAINT BAKING CYCLE

for Electric Control Switches

FOSTORIA
INFRA-RED
TUNNEL
INSTALLATION
at
SQUARE D
COMPANY
MILWAUKEE

300
PER HOUR

Infra-Red DOES THE JOB *Faster--Better*

Have you a "bottleneck" in your baking, drying, dehydrating or preheating operations? Crack it with modern, speedy, space-saving Infra-Red. The amazing efficiency of radiant energy cuts time from hours to minutes—improves finish quality—reduces overall costs. Its utility and flexibility provide easy application from belt buckle to motor car—from baking paint to drying chemicals. Fostoria equipment is immediately available for quick installation. Write or wire, now, for full facts and case studies applicable to your product.

THE FOSTORIA PRESSED STEEL CORP.
FOSTORIA, OHIO



FREE TEST SERVICE

Send your product to the Fostoria Service Laboratory for practical tests and Infra-Red recommendations. Request an Information Form, today.

Bombers on Line

Vultee Aircraft's purchase of Consolidated may mean extension of former's innovations to latter's assembly plants.

The much-publicized deal whereby Vultee Aircraft is to acquire working control of Consolidated Aircraft appeared to be reaching completion early this week although officials of both firms were continuing to insist that it was not an accomplished fact. Nevertheless, the aviation industry and business generally, regarding the explanations as so much quibbling, were already speculating on the significance of the purchase.

• **Production Innovations**—Vultee's acquisition of Major Reuben H. Fleet's dominant holdings in Consolidated probably means that many of the production innovations developed by the progressive Vultee management will soon be applied at Consolidated's operations in San Diego and Fort Worth.

At Vultee Field (Downey, Calif., near Los Angeles), where Vultee builds all of the Army's basic trainers (BT-13A) as well as the speedy Vanguard pursuit ships for China, the plane company operates the only wholly power-mechanized final assembly line in the aviation industry.

• **Assembly Time Halved**—Completed and commissioned in late April (BW-Jan. 14 '41, p40), this innovation, with its mile of overhead conveyor system, has resulted in a 50% reduction in final assembly time, and has enabled Vultee to exceed its Air Corps quota on production every month since its installation.

Launched after a year of experimentation and 90 days of tooling up, the conveyor system is confined chiefly to the final assembly section. Feeder lines reach out into the various subassembly departments, such as the tubular fuselage section, tail section, and center section, to carry the completed units of the plane into position for final assembly.

• **Final Steps**—During their journey from the respective subassembly departments to one of the 46 stations on the final assembly lines, the major subassembly and small parts pass through two paint rooms, still on the conveyor tracks, and are spray-painted before resuming the trip.

Powered sections of the conveyor line are chain-driven, with speeds controllable according to the production rate desired. The line uses 124 carriers, some of the sling type, some equipped with trays, and others of the suspension arm type.

• **Fast Growth**—Once merely regarded as highly desirable by Vultee, the con-

veyor system has become vital since the plant at Downey grew from 132,000 sq. ft. in 1939 to 800,000 sq. ft. in the major construction program completed late last spring, and since Vultee is currently working on the largest order in number of units ever placed for any type of plane.

Whether a similarly powered assembly line can be adapted to building two- and four-motored bombers like Consolidated's Catalina flying boats with the apparent ease that it has been applied to assembling single-motored Vultee craft at Downey is yet to be seen, according to Vultee executives, but it is probable that a number of the production advances will be immediately incorporated into the Consolidated operation.

• **Women Make Planes**—As unusual as the assembly line is, it is no more so than Vultee's policy of hiring women workers in almost every department of its Downey plants (BW-Oct. 4 '41, p. 54). Most Southern California plane manufacturers have employed a few women factory workers for jobs in which manual dexterity is needed (in such operations as electrical wiring of sub-assemblies) but Vultee is the only unit which hires women wholesale for every factory job except those requiring considerable physical strength.

There are more than 500 women factory employees at Downey (about 8% of the total factory payroll). Husky young girls operate such devices as riveting machines, mechanical and hydraulic presses, and turret lathes.

• **Equal Chance for Job**—If ability is equal, their chance for a job is equal. Working a 48-hour week at the 75¢-an-hour scale, most of the girls are earning double what they made previously as clerks, secretaries, and stenographers. Designed as a hedge against the draft, this plan may also be used in Consolidated's factories.

All this is not lost on the aircraft unions. Incidentally, when Vultee (holding a contract with the C.I.O. Automobile Workers) acquired control of Consolidated, it inherited Consolidated's contract with the rival A.F.L. Machinists Union. The C.I.O. group has been trying hard to break in on A.F.L. membership at Consolidated.

• **Production?**—How many planes Vultee is turning out daily remains a military secret, but prior to control of Consolidated, Vultee was employing 9,400 workers in its three factories at Downey, Nashville, and Wayne, Mich., had a monthly payroll of \$1,725,000 (October) and a monthly sales volume of about \$6,000,000 (October).

OVERCOMING SCARCITY

Another quick solution of a manufacturing problem caused by materials shortages came to light in Los Angeles

Does shortage of raw materials threaten your business?

Newly-developed strength and versatility of flat GLASS may answer your problem!

IF your business is suffering from a shortage of essential production materials, perhaps you can find the answer to your troubles in glass.

Already, flat glass products, in a wide variety of shapes and forms, have proved themselves fully capable of replacing various defense materials in applications of many kinds. For glass today is a different material from what it used to be. New developments have given it far greater strength, resistance to shock, elasticity, and sales appeal

due to a wide variety of colors.

Perhaps the substitution of glass in your product or equipment may be thoroughly practical, may even result in an actual improvement in saleability or efficiency.

We invite you to submit your shortage problem to our technical development department, and let us help you find a way to solve it with glass. There is no obligation involved. Write us on your letterhead. Address Pittsburgh Plate Glass Company, 2035-A Grant Building, Pittsburgh, Pa.

Check these properties of
GLASS *against your needs*

- Smooth, hard, level surface, of extreme accuracy if required.
- Great compressive strength.
- Practically incompressible.
- Easy cleaning.
- Low coefficient of expansion compared to metals.
- Unique dielectric and heat transmitting properties.
- Modulus of elasticity — 10,000,000.
- Modulus of rupture — 6500 to 29,500 lbs.
- Poisson's ratio — 0.244.
- Unaffected by any atmospheric conditions.
- Immune to attack by practically all fumes and chemicals.
- Wide selection of colors.
- Exceptional beauty.

PITTSBURGH PLATE GLASS COMPANY
"PITTSBURGH" stands for Quality Glass and Paint

this week. The engineers who designed the new oil well drilling time-recorder recently announced by the Lane-Wells Co., Los Angeles (5610 South Soto St.), planned to use a battery-driven motor for revolving a wax-coated paper record against a marking stylus.

The idea had to be abandoned because of scarcity of such electrical equipment. So a clock-spring mechanism was substituted. That involved a difficulty, because the recorder is semi-automatic, operating with the drill in one-foot units. When the end of each unit is reached, the driller presses a trigger, resetting the instrument. The clock-spring had to be hooked up so it would be kept in constant tension and compensate for each pull of the trigger. This was solved by winding the spring to three-fourths its capacity and allowing for compensation in the tripping mechanism.

Incidentally, according to sponsors, drilling time charts produced by this instrument can be immediately correlated with drilling time, or electrical or sample logs, without need for redrafting, computation, or allowance for time spent in operations other than drilling. It gives the geologist checks on formations and rotary samples and gives the driller a record of bit performance.

POINTING WAY TO A-10

OPM is getting industry's aid these days in its herculean job of helping thousands of manufacturers over the priorities hurdle. A case in point is the job being done by Wallace & Tierman Co., Inc., Newark, N. J., manufacturer of water purification and chlorination equipment. Swamped with orders and unable to purchase many raw materials without priorities, Wallace & Tierman has sent a detailed letter on priorities procedure to all customers, most of whom are public utilities.

Clipped to the letter are two copies of OPM's Preference Rating Order No. P-46, which covers equipment needed for maintenance, repair, and continued operation of utilities (BW-Oct.25'41, p16). Customers are told how to fill out the orders, send them to OPM for the necessary A-10 priority rating which will enable Wallace & Tierman to deliver the goods.

BID BINDER

New speeds are being achieved by the Jersey City Quartermaster Depot in getting bid forms, proposals, and specifications into the hands of prospective government bidders. A five-ton "gatherer", operated by two attendants, replaces 24 men working in day and night shifts around circular collating tables. The machine gathers, "dresses," and stitches 70 to 90 forms of 20 pages each per minute.

NEW PRODUCTS

"Bullseye" Heat Lamp

There are many types of reflectors used in near-infra-red heating which provide convergent, parallel, or divergent heat beams as required by particular products or processes. But often a considerable percentage of rays from the bottom of the lamp filament are "spilled" sideways without being directed at the work. In the new 250-watt Birdseye "Bullseye" Heat Lamp, there is a ring-like lining of pure silver



which picks up such rays from its tungsten filament and reflects them back to the lamp reflector where they are properly focused and put to work. The maker, Wabash Appliance Corp., 335 Carroll St., Brooklyn, claims for the lamp an "extra 25% heating value" and an average burning life in excess of 5,000 hours.

Feather Brush

Newest shaving brush is the Fetha-brush with the business part made of soft goose feathers. American Safety Razor Corp., 315 Jay St., Brooklyn, claims for its new product "a softer feel than the finest of badger brushes" and the production of foamier lather.

Paper Preserver

New aid to the preservation of file copies of newspapers, reference clippings, and pamphlets is promised by Papertone, a colorless, odorless, non-flammable liquid which brushes on easily, dries quickly, and does not "bleed" printing ink. As formulated by Martin Dennis Co., 859 Summer Ave., Newark, N. J., it is said to increase the tearing resistance of almost any wood-pulp paper by 35% and to prevent disintegration and discoloration caused by time and atmosphere.

Killer Container

Slaz-All Insecticide, a liquid which acts on a new principle of first paralyzing the legs of crawling and flying things before putting them completely out of commission, is being packed in an in-

genious new one-use, evaporation-proof container. To a conventional food can is added a patented button insert. A seal in the button (which incidentally could be used advantageously on containers for other liquids as well) is



pierced easily by the liquid tube of the spray gun. Flanges on the gun fit into slots on the can button, holding them securely together. The insecticide was developed by Becker-Bischoff Chemical Co. and Whitmire Research Corp., both of St. Louis; the container and gun by Volume Sprayer Co., Tulsa, Okla. Filled units are marketed solely by Skelly Oil Co., 506 W. 47th St., Kansas City, Mo.

Automatic Polisher

Almost anything reasonably circular in form and not too large can be buffed and polished in the new Hammond "J" Automatic Polishing Machine—aircraft engine pistons, automobile engine valves,



shell fuse bodies, etc. Hammond Machinery Builders, Inc., 1641 Douglas Ave., Kalamazoo, Mich., makes it with a round aluminum table carrying six or eight rotating chucks to hold the work. As the table indexes automatically, they are carried under three or four adjustable buffing and polishing wheels. Polishing composition is fed to the wheels as needed by a Hammond "Autodoper."

MARKETING

Miss Elliott & Co.

Whether Consumer Division wins independent status under OEM or not, it steadily gains authority and recognition.

In Washington this week word got around that the proposed divorcing of Harriet Elliott's Consumer Division from Leon Henderson's Office of Price Administration (BW—Nov. 14, p. 7) had been put up to Budget Director Harold Smith and that he was giving it active consideration. There is also a report that the President has on his desk the draft of an executive order—written by Henderson—which would reorient Miss Elliott's office. Some decision on the new status of the division, frequently a thorn in the flesh of the advertising business and other industries, is not unlikely before the turn of the year.

• **Ask Independent Status**—Miss Elliott has plugged for completely independent status under the Office for Emergency Management. A while back, Henderson was believed to favor this plan. Now, however, it is rumored that he is

no longer so willing to sever the ties. The Consumer Division is gaining increasing authority and recognition, thus becoming a juicy plum for any administrator. As evidence of this, two other defense bureaus—Paul V. McNutt's Office of Defense Health and Welfare Service and Fiorello La Guardia's Office of Civilian Defense—are reliably reported to be casting sheep's eyes in Miss Elliott's direction.

Rumors also are circulating to the effect that instead of being granted her freedom—or wed to another agency—Miss Elliott simply will be quietly eased out. While granting that anything can happen, particularly with an overall shake-up in the offing (BW—Nov. 29, p. 7), informed opinion is that this talk stems chiefly from wishful thinking. Too many strident voices would be raised in the consumer's behalf if his official nursemaid were dismissed.

There's no way of telling which plan, or combination of plans, will receive the presidential O.K. A point to keep in mind, however, is that Donald Nelson, executive director of the all-powerful Supply Priorities and Allocations Board, is thought to be backing Miss Elliott. Another point is that Miss Elliott, a good friend of Mrs. Roosevelt's, is very much persona grata at the White House.

• **Consumer Department?**—Those who have been afraid that the shift would be the cue for establishing a permanent federal department of the consumer, long-time ambition of organized consumer groups, can relax. There has been agitation for this both in and out of Washington, with talk of amalgamating Miss Elliott's office with such established units as the Agricultural Adjustment Administration's Office of the Consumer Counsel, but the scheme is getting little serious attention.

Incidentally, opposition to Miss Elliott's regime may not stem only from the advertising trade and other business groups. Some permanent Washington agencies which have labored long years in the consumer's behalf, are reported a bit chagrined at the way in which she has copped the limelight.

Retailers, who have had most to do with the Consumer Division, are divided in their opinion as to the possible effects of setting it up independently. Some of them—the mail-order houses, the chains, and a few big department stores—have cooperated with the division up to the hilt. In the main, their thinking along many lines—grade and informative labeling, standardization, product testing, and distribution—parallels that of division spokesmen.

Other retailers have misgivings. Some

line up behind the opinion recently expressed by a Washington trade-association official—that at present Henderson stands between the retailer and any drastic action by the Consumer Division, but that if it's given independent status there may be plenty of grief all around. Another viewpoint is that if Miss Elliott sets up housekeeping for herself, she may, technically, have a bigger grant of authority, but in actuality she will turn out to be no more powerful than she is now as assistant director of OPA. In other words, she won't have Henderson to back her up.

Manufacturers of nationally advertised goods already see in the division's activities and in the thinking of some of its officials a threat to established methods of distribution, merchandising, and even production. Specifically, they are afraid the division will use the defense emergency as an excuse for promoting such time-honored objectives of the consumer movement as standardization and grade labeling (Report to Executives, BW—Apr. 22, p. 39).

• **Advertisers Indict**—As evidence of their fears, the roll call of advertising's arch enemies, read off at the joint convention of the Association of National Advertisers and the American Association of Advertising Agencies (BW—Nov. 22, p. 44) included nearly every top-ranking Consumer Division official, starting with Miss Elliott herself, and including her two present bosses, Leon



Dr. Robert A. Brady, who heads up the Standards and Consumer Needs section of the Consumer Division of the Office of Price Administration, has been under fire by business due to his alliance with consumer groups. Now, he has become a particularly sharp thorn in the flesh of manufacturers of consumer goods because he is in charge of the Consumer Division's standardization program.



Until Harriet Elliott came to Washington, where she now heads OPA's Consumer Division, she was unknown to both consumer and business groups. Now business is as much concerned about Miss Elliott as it is about any of her rabid-consumer assistants. At the joint convention of A.N.A. and A.A.A.A., Miss Elliott had a top rating on a list of the arch-enemies of advertising.



PORTABLE ELECTRIC SAW

Timbermen have long used portable saws powered with steam, compressed air, or gasoline, for bucking logs into mill lengths at the landing. But except for a few sporadic experiments with power saws, they continued felling by hand until an electrically-driven unit came along this year (above) — made by Reed-Prentice Corp., Worcester, Mass., and driven

by a Columbia generator, which is in turn powered by a tractor. Now half a dozen loggers in the Pacific Northwest are using it. They report that it reduces the cost of felling trees about 40% and cuts the stump 8 in. lower than hand-sawing, thus increasing the board feet yield by about 1½%. And logging authorities agree that it's certainly a handy gadget to have around to increase production right now when labor is scarce too.

Henderson in OPA and Donald Nelson, head of SPAB.

There was nothing surprising in the advertisers' indictment of such old-timers in the consumer movement as Professor John M. Cassels of Stephens College, now administrative assistant to Miss Elliott; Dr. Robert A. Brady, head of the division's Standards Section; and his wife, Mildred Edie Brady, formerly editor of *Tide* and of *Consumer Union's Bread and Butter*. But the inclusion of comparatively new names—Mrs. May Thompson Evans, Dickson Reck, Daniel West—was clear evidence that to advertising men the Consumer Division, as a whole, is now suspect.

• **Fall from Grace**—In contrast to this attitude of disfavor, business men were frequently wont to compliment Miss Elliott on her down-to-earth attitude, her freedom from "isms" and general economic abracadabra (BW—Sep. 7'40, p22) when her division was part of the old National Defense Advisory Commission and before it became a part of the Price Administration with the establishment of that agency in April, 1941.

The change of sentiment that has come about in the past few months stems from several developments. One

is the recent addition to the division's staff of personnel culled from, or suspected of being sympathetic to, the consumer movement. More important, and generally overlooked, is the fact that, as the defense pincers have tightened on the civilian economy, Washington's consumer spokesmen have had an increasingly important rôle to play.

• **Standards Program**—By far the most disturbing to business of the Consumer Division's current activities is its standardization program (BW—Nov. 22'41, p 17). Repeated explanations by Dr. Brady that the Standards Section's standardization is not synonymous with "regimentation," and that, in any case, it will be undertaken only when "demonstrably feasible in specific situations" have not succeeded in quieting manufacturers' fears.

A good share of the misunderstanding between business and the Consumer Division can be attributed to a difference in timing. Almost without exception, the division's officials are looking forward to a long, hard pull. Many proposals are made with a view to an emergency of three, four, or even a half-dozen years. A case in point: The Consumer Needs section (also under Brady,

who heads up economic research) already is thinking about rationing. Hence, talk of such schemes as consumer pooling of some household appliances.

• **Grapevine Trouble**—Another trouble is the human tendency to exaggeration. For example, some Consumer Division officials have favored a move to keep auto manufacturers, and possibly makers of household appliances, from concentrating curtailed production on high-priced lines which would be out of reach of lower-income families. This has given rise to reports that manufacturers would be forced to limit all production to "stripped" models which would sell at a rock-bottom price.

Up to a few weeks ago, business was little concerned with the activities of the division's Consumer Relations Section, now under the wing of Mrs. May Thompson Evans, an old friend of Miss Elliott's and, like her boss, a soft-spoken southern educator. Then Mrs. Evans' office announced plans for establishing local and regional "consumer information centers," which would have among their functions the dissemination of information on grades and standards, price and quality of consumer goods (BW—Oct. 25'41, p8) to insure the efficiency of housewives' buying. New suspicions were immediately aroused.

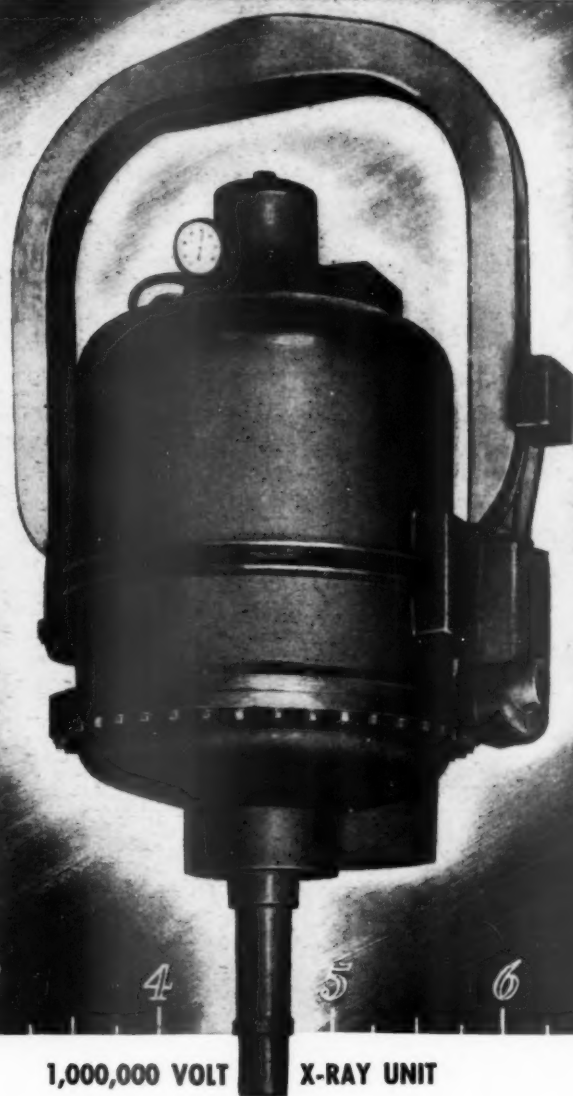
• **Consumer Centers**—To date, only one such center, in Chicago, has been established. For the immediate future, centers are being planned for Williamsport, Pa., Detroit, Cleveland, and Columbus, O. Idea is that they will do for the urban population about what the Extension Service of the Department of Agriculture has done for farm families. The centers will be established on a voluntary basis, with the impetus coming from the community.

The division's plan for fostering consumer education in colleges and universities is regarded with even more suspicions than the information center program. Business has long been uneasy about the sort of "consumption economics" fostered by many educators. So far, this part of the division's education program is still very much in the nebulous stage.

• **Sore Point**—The comparatively cordial relations between the Consumer Division and the retail and wholesale trade—particularly the mail order houses, grocery chains, and big department stores, chief purveyors of private brand merchandise—are a sore point with national manufacturers. Such outfits as Sears, Roebuck, the Great Atlantic & Pacific Tea Co., and Kaufmann Department Stores, of Pittsburgh, sit in on the division's councils and have made available their experience in grading, testing, and purchasing of consumer goods.

Division spokesmen say that, since the consumer is closer to the retailer and wholesaler than to the manufac-

A CYCLOPS THAT SEES THROUGH 7 INCHES OF STEEL



1,000,000 VOLT X-RAY UNIT



This one-eyed giant of scientific genius can search the structure of the thickest steel plate and welded joints. It detects and isolates flaws which must be avoided in welded joints of the boiler drums used for high pressure steam generating units built by Combustion Engineering.

Its 1,000,000 volt strength is two and a half times greater than the most advanced X-ray equipment available previously. With this high voltage, the new X-ray reveals much more detail of the steel structure it is used to examine and does its work in much less time. A 5¼" steel plate, for example, that previously required 7½ hours, can now be X-rayed in 4 minutes.

Always alert to vital improvements that can be applied to the manufacture of steam generating equipment, Combustion Engineering was the first boiler manufacturer to order a 1,000,000 volt X-ray unit. It is now in operation at our Chattanooga plant, one of only a few such powerful X-rays being used by industry today.

What significance has this 1,000,000 volt X-ray for the man who influences the selection of boiler plant equipment? It is much more than a spectacular machine that assures him of dependable boiler drums. It is evidence of a manufacturing policy which in hundreds of less dramatic ways assures the purchaser the latest achievements in design and construction when he entrusts his steam generating problems to C-E. A459

*World's Most Complete Line of
Steam Generating and Related
Equipment for all Industrial Service.*

BOILERS • STOKERS • PULVERIZED FUEL SYSTEMS • FURNACES • STEAM
GENERATING UNITS • SUPERHEATERS • AIR HEATERS • ECONOMIZERS
CHEMICAL RECOVERY UNITS • DRYING AND INCINERATION SYSTEMS



COMBUSTION ENGINEERING COMPANY, INC. 200 MADISON AVE.
NEW YORK, N. Y.



DOUBLE DUTY

The two-typewriter desk makes its bow in the Studebaker Corp.'s Parts and Accessories Division, where each operator has two kinds of forms to type—requisitions and parts orders. To save time formerly used in switching from one form to another, Studebaker had the Stow-Davis Furniture Co., Grand Rapids, Mich., build desks with typewriter platforms at both ends. Now every operator on this job has two electromatic typewriters, each containing its set of continuous forms. Typing output has risen 29%.

turer, this apparent bias is perfectly logical. But a little more cooperation from manufacturers would be welcome. One official put it bluntly, "Our job is to look after the consumer, not business. We're trying to give everybody a square deal, regardless of attitude, but it's easiest for us to cooperate with the people who cooperate with us."

• **Gentle Treatment**—It's noteworthy that, in some cases, industries which have gone to Washington with facts and figures to prove how essential they are to civilian economy have received unusually gentle treatment when production cuts were handed around. Home washing machines are an example.

The Consumer Division's expected move to establish an advisory panel on advertising (BW—Nov. 15 '41, p8) has been interpreted as an effort toward rapprochement with national manufacturers. But rapprochement doesn't mean appeasement. In the words of one spokesman, "We want cooperation—but not the table-pounding variety." Consumer Division officials deny the advertising trade's contention that their attitude is antagonistic. It is evident, however, that their thinking runs along these lines: Unless advertising can make itself useful—by showing consumers how to conserve scarce materials, for example—it will contribute to the difficulties of a defense economy by stimulating the

demand for scarce goods; also that it will contribute to the inflation spiral by hyping the urge to buy. The time may not be far off when the Division will have a major hand in the job of maintaining civilian morale in the face of serious shortages of essential goods. Some manufacturers already have had a taste of the difficulties of appeasing disgruntled customers in a scarcity market. Opinion in the division is that, when it takes over responsibility for making shortages, substitutions, and economies more palatable to consumers, manufacturers may reverse their attitude toward its activities.

For the present, business men can take heart from one fact: Consumer Division personnel regard their job strictly as an emergency assignment. Best evidence of this is their desire for independent status within the defense setup—not as a permanent department of the consumer. But chances are this attitude, however sincere, will not reassure worried manufacturers who know how long it takes to tear down a wartime superstructure.

Cigar Sales Rise

Industry hopes promotion by its institute, now fortified with new statistical aids, will keep hard times from returning.

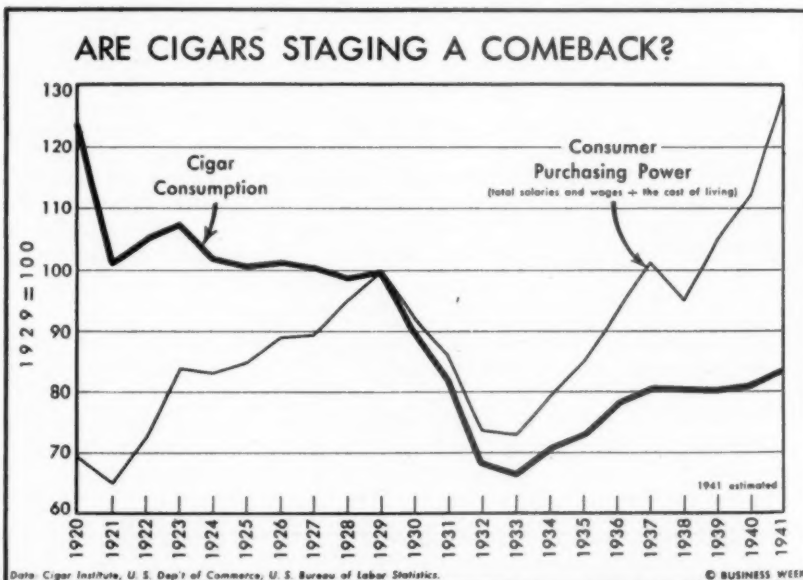
The Cigar Institute of America, formed a year ago to pep up sluggish sales, announced last week that October

had been an extraordinarily good month, and that 1941 shapes up as the most prosperous year since 1930. In October, 542,102,265 Class A cigars (nickel or less) were consumed, a rise of about 8% over the prior October, and furthermore the best October on modern record books. At the other end of the price scale, cigars selling for more than 20¢ apiece jumped 31%.

• **Hopeful at Last**—Even at this clip, the cigar industry isn't roaring along on the crest of increased purchasing power the way many another industry is. But because the cigar people have taken such a beating for so many years, they hopefully see in these increasing percentages an omen that their united efforts to pull themselves out of the mire via the institute are bearing results, quite aside from the decidedly favorable matter of more coin in the pockets of consumers.

How to give the ailing business a shot in the arm has been a brain-teaser since 1933 when Trade-Ways (marketing and research counsel) was hired to do a survey for the manufacturers. In due time, Trade-Ways recommended the introduction of cheaper cigars; making cigar smoking "more acceptable socially, especially among younger men"; and better dealer cooperation. This program, widely acclaimed, nonetheless never saw the light of day after Trade-Ways estimated it would take upwards of \$150,000 to do a real job.

• **Institute's Objectives**—In some respects the Cigar Institute's objectives parallel the old Trade-Ways recommendations. But there are some major changes, too. For one thing, the erst-



Cigar consumption and purchasing power cross like an X on the chart above. And therein lies the sad story of a declining habit, pushed from its once solid position by cigarettes, the

influence of women on men's smoking habits, and the speed-up in metropolitan life. Now, however, the cigar people note an upturn in their sales, expect the best year since 1930.

We tracked down the Customer...

*and found he still wants **PRODUCT** information*



ENGINEERING NEWS-RECORD ★ ★ ★ CONSTRUCTION METHODS

MCGRAW-HILL PUBLICATIONS
330 W. 42nd Street, New York, N. Y.

ARMY CAMPS • AIRPORTS • SHIPWAYS • DOCKS • AIR BASES
HOTELS • WATERWORKS • OFFICE BUILDINGS • BRIDGES
DAMS • SHIPYARDS • TUNNELS
NAVAL BASES • HIGHWAYS
MASS HOUSING • WATERWAYS
SEWAGE DISPOSAL • PIPE LINES
DRAINAGE • ARSENALS
FACTORIES

Yes, we found that whatever you want your advertising to accomplish, the buyer insists you stress specific virtues and applications of your products.

Our readers have actually suggested how this can be done. In hundreds of interviews* they've asked for details on building products . . . on performance, wear, repair facilities, methods of application, speed of placing.

This type of information, they say, makes it easy for them to make buying decisions.

They also welcome printed information on how to get the best results from materials and equipment. Such as handbooks, operators manuals, how-to-use-it catalogs. Recent checks show increasing demands for this type of literature, which you can offer in your advertising.

These engineers and contractors want facts . . . facts that help them *build* better and *buy* better. In fact, that's why they read Construction Methods and Engineering News-Record.

Consequently, you'll find paid subscribers to these magazines on more than 95% of big engineered building projects (\$500,000 or over).

Thus these magazines can help you keep alive the virtues and applications of your products in the minds of engineers and contractors . . . now, and in years to come. The cost is less than 3/4¢ per selling contact!

BUYING INFLUENCES ON ENGINEERED BUILDINGS

1. Consultants (engineering and architectural firms).
2. Owners' staff engineers (public and private).
3. Contractors.

These are the men who specify, approve and buy products for industrial, public and commercial engineered buildings. These are the men who read Engineering News-Record (32,700) and Construction Methods (21,600).

*Reports of these interviews are available on request. They're packed with sales and advertising ideas. They're designed to help you plan your advertising for results. Just use the coupon.

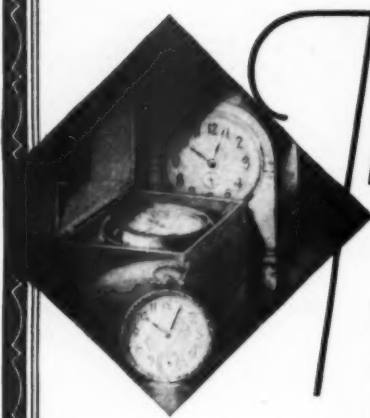
A. E. Paxton, Manager, Engineering News-Record and Construction Methods, 330 W. 42nd Street, New York City

Please send me reports of interviews with construction men.

Name Title

Company

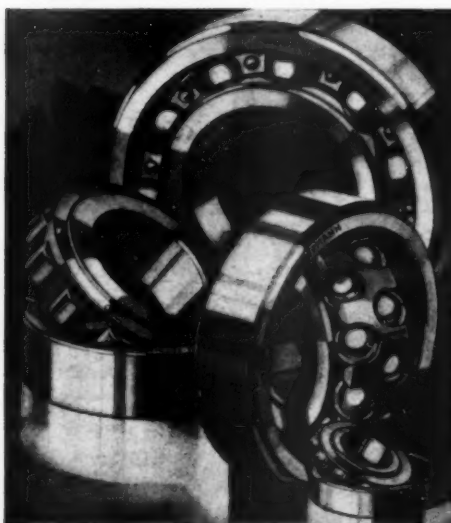
Address



They're all "TIMEPIECES"

but—there's a difference!

The Chronometer is a timepiece . . . but of such superlative and unvarying **PRECISION** that other timepieces are "set" by comparison with it as a standard. In other mechanical units, too, **PRECISION** marks the same degree of superiority—sets a standard of comparison . . . **IN BALL, ROLLER & THRUST BEARINGS, FOR EXAMPLE.**



NORMA-HOFFMANN BEARINGS CORP'N., STAMFORD, CONN., U.S.A. • FOUNDED 1911

PRECISION BALL, ROLLER and THRUST BEARINGS



The NORMA-HOFFMANN plant is operating three shifts per day, manufacturing **PRECISION BEARINGS** for the National Defense Program.

while emphasis on the necessity of ramming cigars into the faces of strplings is now deemed foolish because cigar-smoking and composure appear to go hand-in-hand, whereas cigarettes and excitement are more to the liking of 'teen-age lads. Similarly, it's deemed absurd to crusade against long-established pipe and cigarette habits.

This new type of thinking is wholly the product of statistics. Director of the Cigar Institute is Bert M. Nussbaum, who was associated with Trade-Ways back in the pioneer 1933 cigar-surveying days. Additionally, Miss Cureton Harris has been added to the staff as market consultant.

• **What Surveys Show**—Surveys directed by Miss Harris unearthed these clues:

(1) Among the 49,500,000 U. S. males of 15 and over, 27,528,000 are cigarette smokers; 15,707,000 are pipe smokers; and 14,492,000 (a much bigger figure than expected) are cigar smokers. Some 14,380,000 males are exclusively addicted to cigarettes; 3,368,000 to pipes; and 3,165,000 to cigars.

(2) Around 9,188,000 cigar smokers live in urban areas, and 5,304,000 in rural areas. Traditionally an industry dependent on sectional markets, the cigar people—in the light of these figures—may have laid too much emphasis on New York or New Orleans, too little emphasis on Osage or Keokuk. The importance of the rural market is further evident in the fact that percentage-wise farmers are greater pipe smokers than city folk, and pipe smokers as a rule are pushovers for cigars.

(3) Some 3,800,000 cigar smokers are under 30 years of age; 7,800,000 are between 30 and 54; and 2,900,000 are upwards of 54. "Thus," says the institute, "it is apparent that to say cigar smokers are dying off is a fallacy."

(4) Approximately 29% of all urban and 70% of all rural cigarette smokers say they enjoy cigars; similarly, 49% of all urban and 82% of all rural pipe smokers enjoy the longer weed. In other words, there seems to be plenty of soil fit for cultivation.

• **"Add a Cigar"**—All in all, concludes the institute, if favorably inclined smokers could be induced to add a single cigar to their daily diet "it would be possible to surpass the biggest cigar year in history (1920) without persuading cigarette or pipe smokers to give up their present form of smoking, but simply by getting them to add a cigar."

Armed with these glowing statistics, the institute has enlisted 40 manufacturers (representing 75% or more of all cigar sales) in its drive. Additionally, 287 distributors have purchased associate memberships, paying \$1 per year for each of their 3,250 salesmen. The institute distributed 150,000 Father's Day posters, is now issuing even more Christmas posters. Meantime, it has fostered movie tieups, photographic

contests, radio campaigns, and the distribution of thousands of pamphlets to consumers. Nor has the institute ever let it be forgotten that Winston Churchill unfailingly is fortified with a long, fuming Havana.

Meat Indictments

Industry in Antitrust net for fourth time since June. Fixing of its prices, at both farm and consumer levels, is charged.

"The significance of artificial restrictions which raise the price of meat is peculiarly great at this time. Within the last year wholesale meat prices have risen by 28.1%. There have been far more complaints by consumers about meat prices than about all other food products put together."

These indirect accusations were leveled against the meat industry early last month by Corwin D. Edwards, chairman of the policy board of the Antitrust Division, at the convention of the Associated Grocery Manufacturers of America.

• **Action in Chicago**—Last week a Chicago court turned the charges into actuality by accepting indictments against virtually all major meat packers for allegedly violating the Sherman Act by fixing both prices paid farmers for livestock and those charged consumers for meat.

This marks the fourth time that the Antitrust Division has put the meat industry on a legal griddle since June. In that month, three major meat packers plus the American Meat Institute were accused of conspiracy to fix the price of live sheep (BW—Jun.28-'41,p24). A month later the meat people were jumped on for allegedly fixing the price of hogs (BW—Jul.12-'41,p8). And a month after that, 81 packers and the American Meat Institute were charged with collusively boosting the price of hams sold as an Easter delicacy (BW—Aug.23'41,p34).

• **Institute and 37 Firms**—The latest indictments cover 37 individual firms and the American Meat Institute (whose members are said to sell \$2,500,000,000 worth of meat annually—90% of the U. S. total). The indictments specify that "they have made repeated and persistent efforts since 1928 to achieve a price stabilization and a one-price policy in the meat packing industry. . . . By means of figures selected and agreed upon by the defendants and specific formulas set forth in these cost bulletins, the defendants have suggested standard costs, purchasing prices for livestock and selling prices for meats."

As in the prior Chicago meat cases,

**Defense
Loads
Get Timely
Help**

A giant 527-ton rotor nestles into place, safely carried and stowed by Preformed Yellow Strand Wire Rope. Soon more than 100,000 additional kilowatts of energy will flow from this powerhouse, speeding production of urgent defense needs.

For the way it lightens difficult loading and lifting problems, Preformed Yellow Strand rates higher than ever today with men handling vital materials in power plants, steel mills, shipyards, factories, mines—defense industries of all kinds. Their production moves faster, smoother and with fewer shutdowns . . . because strong, tough, elastic Yellow Strand stands up under pressure . . . because *preforming* gives its specially drawn, high quality steel exceptional *workability*.

With wire rope and slings essential to Government services as well as to defense suppliers, our vast capacity is joined in the national effort, observing established priorities. Meanwhile there are no restrictions on cooperation by B & B engineers and distributors. Let us work with you in this emergency to get maximum efficiency out of your wire rope equipment.

BRODERICK & BASCOM ROPE CO., ST. LOUIS

Branches: New York, Chicago, Houston, Portland, Seattle. Factories: St. Louis, Seattle, Peoria

**YELLOW
STRAND**

Preformed WIRE ROPE

A Mainstay of Industry, Which Benefits You Through Its Service to

PLANT ENGINEERS • GENERAL CONTRACTORS • ROAD BUILDERS • ROTARY DRILLERS
• MINERS • QUARRY OPERATORS and OTHER INDUSTRIAL SERVANTS



help

IN SELECTING YOUR NEW ADVERTISING AGENCY

To select the right agency for the unusual times ahead, you must interview a group of those most likely able to serve you. Here are 6 reasons why we belong in that group:

1. We offer the advantages of a small agency with a large-agency trained staff.
2. Our principals have directed their own commercial businesses.
3. We spend more time in the field than most agencies.
4. Testing is a fundamental with us—for greater advertising results.
5. We know how to use advertising to do many jobs (other than move merchandise).
6. We serve a diversified group of national accounts—from class to industrial, from package goods to service.

Further facts in our new 5-minute folder, "Business Men Handle My Advertising." Write for your copy.

J. M. HICKERSON Inc.

Advertising Agency Service
110 East 42nd Street, N.Y. • MUrray Hill 3-7426

**Famous
FOOD**

hotel
Lennox
St. Louis

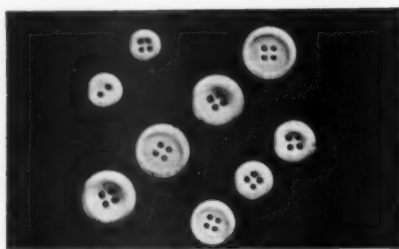
ROOMS
FROM \$1.00

**Friendly
SERVICE**

DOWNTOWN ST. LOUIS AT YOUR DOORSTEP!

Cincinnati
TIME RECORDERS
For Every Time Requirement Since 1896

HOW BUTTONS OF MOLDED **Beetle*** PLAY A PART IN NATIONAL DEFENSE



Supplying clothing for the armed forces is a big job—and buttons of molded Beetle are helping to do that job better. For smooth, uniform buttons of molded Beetle are being used on undergarments for both the U. S. Army and the U. S. Navy.

Beetle Plastic Buttons offer many advantages: they are uniform in color, size, shape, and location of sewing holes; they have no sharp cutting edges and won't cut sewing threads; will withstand repeated launderings; are chip-and-shatter resistant!

You should investigate the possibility and advantages of using Beetle Plastic Buttons for your defense clothing contract work! Write us for a list of suppliers.



AMERICAN CYANAMID COMPANY
Plastics Division

30 West 30th Street, New York, N. Y.

*Reg. U. S. Pat. Off.

Daniel B. Britt is handling the prosecution. Also as in the prior cases, the defendants have issued statements to the effect that "we trust the public will understand that a grand jury investigation deals with only one side of a case and those indicted have not had an opportunity to defend themselves."

• **Letters Mentioned**—Specifically, the packers say that the charges of conspiracy to regulate livestock prices are based on letters occasionally issued by the Meat Institute urging packers to buy meat for its day-to-day value as a commodity, and not for speculative purposes. These exhortations, claim the packers, helped cut out the wild speculative ups and downs in the market, thus greatly benefited the farmer who might ship his livestock on a day when the market looked good, only to find that it had collapsed and he had lost his shirt when his cattle reached market.

As for the government's charges of fixing the price of meat, the packers believe that these are based on articles in a publication called "Meat Trade Topics" published by the institute in the interests of salesmen. Appearing sporadically over a period of years, such writings cautioned salesmen not to exercise their authority to cut meat prices below the manufacturer's list price unless the meat they were selling actually was in danger of spoiling.

• **Who Benefited?**—The fellows who benefited from this advice, according to the packers, were the smaller members of the industry to whom stable prices are important. Most big packers issue their own sales advice in house organs, do not provide their salesmen with copies of the publication under fire. Meantime, the first three meat cases have produced no further legal fireworks since the indictments were returned.

Agency Victory

Board favorably influenced
by testimony on how high net
current assets should be kept in
relation to monthly billings.

When two large magazine publishers tried several months ago to rescind the cash discounts they had allowed advertisers for prompt payment, advertising agencies were loud in their protests. Agencies are obligated to meet their clients' bills; if the incentive for prompt payment were removed, they said, they would have a harder time collecting from clients to pay publishers; ergo, they would be forced to keep more cash in the till. That is the story the agencies based their protests on.

• **Revenue Act a Factor**—Keeping a lot of cash on hand is, they feel, undesirable

for a number of reasons. One of them is the Bureau of Internal Revenue, which is inclined to make trouble whenever it finds too much money lying around. Section 102 of the 1938 Revenue Act provides for a surtax when earnings or profits of a corporation are permitted to accumulate "beyond the reasonable needs of business."

An Internal Revenue bulletin of 1938 marks closely held corporations in which at least 70% of the earnings have not been distributed in the form of taxable dividends as meat for the tax collector. Virtually all advertising agencies are classifiable as closely held corporations. • **Board Favors Agency**—Hence, the advertising trade's interest in a decision handed down last month by the United States Board of Tax Appeals in a case involving a prominent West Coast advertising agency, Botsford, Constantine & Gardner. The Commissioner of Internal Revenue had tacked a \$3,784.38 surtax onto the agency's 1938 income tax under Section 102. Botsford, Constantine & Gardner appealed on the ground that profits had not accumulated beyond the needs of its business. The Board of Tax Appeals ruled in the agency's favor.

Importance of the decision for the trade generally lies in evidence introduced in the hearings to determine the "reasonable needs" of the advertising agency business. John Benson, president of the American Association of Advertising Agencies, testified that A.A.A.A. members are required to have net current assets (current assets minus current liabilities) of from 60% to 100% of average monthly billing. The larger the billing, the lower the percentage. But the standards set by media are even more exacting than those of the A.A.A.A.

• **At Least 75%**—The testimony of Miss Florence Ficke, secretary of the Periodical Publishers Association, and Morton S. Bailey, Pacific Coast manager for the Curtis Publishing Co. was introduced at the trial to prove that, by these stricter media standards, an agency's net current assets on an adjusted basis had to be at least 75% of average monthly billings.

Indications are that the Board of Tax Appeals decided the case in the agency's favor chiefly on the strength of this evidence. While individual cases obviously will continue to be decided on individual merits, it is a reasonable presumption that the Bureau of Internal Revenue will be guided by the testimony in this case when determining the tax liabilities of agencies in the future.

• **Cash Discounts**—If publishers should be successful in their efforts to rescind cash discounts, present A.A.A.A. and media standards for agency solvency certainly would be drastically revised upward, since agencies would be dipping into their own surpluses to meet the obligations of slow-paying clients.

War on Discounts

Independent grocer drive against concessions to chains doing own distributing puts squeeze on coast food manufacturers.

The battle of independent grocers vs. chains in California over preferential discounts has broken out again in a way that appears to be putting an increasing number of food manufacturers right behind the eight ball.

The California Retail Grocers' Association had in the mails this week 10,000 questionnaires to store owners, jobbers, and wholesalers seeking specific information (as a starter) on discounts by Blue Bird Potato Chip Co. Other firms suspected of preferential discounts to chain buyers, particularly to Safeway Stores, will be the subjects of later queries.

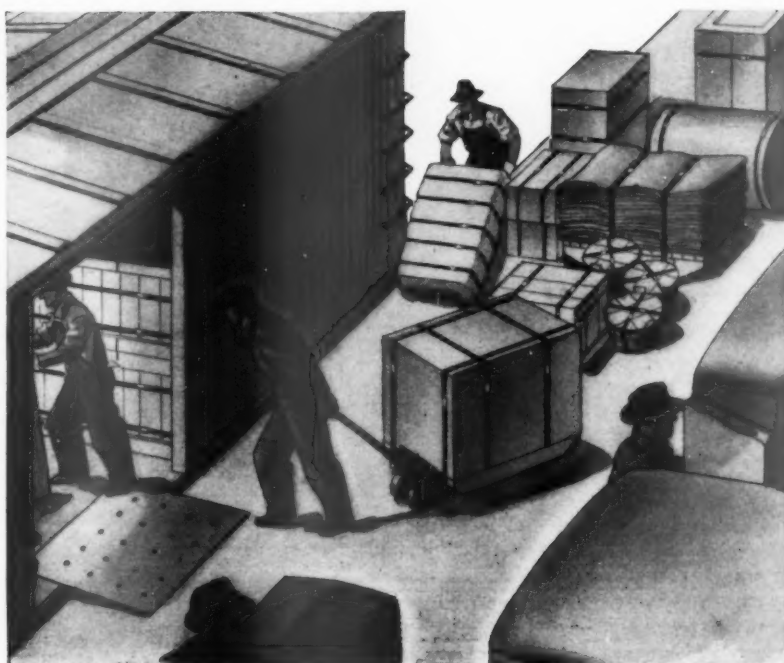
The fully-aroused independents are even hiring detectives to check manufacturers' deliveries at chain distribution warehouses in an effort to discover which firms are accepting the preferential-discount plan.

Against "Warren Plan"—The questionnaire inquiry is the opening gun in what appears to be a bitter battle against the so-called "Warren plan" by which manufacturers grant special discounts to organizations distributing to their store units through their own delivery system (BW—Oct. 26 '40, p. 52). Theoretically, the discount is equal to the cost of delivery, but in practice, say the independents, it gives the chains a huge price advantage, which they claim is illegal under the Robinson-Patman Act, forbidding price differentials except when justified by savings in the cost of manufacture, sale, or delivery of goods.

The fire of the California independents is especially directed at the baking and food specialty firms. According to the association, Blue Bird is making central warehouse delivery to Safeway, allowing a 20% discount, whereas the usual discount to independents is 5% to 10%. Other firms accused of giving a 20% discount to Safeway on certain items are the Continental Baking Company (Hostess cakes) and the Grandma Cake and Cookie Co. Also under fire of the grocers' organization is Mother's Cake and Cookie Company, charged with giving Lucky Stores a 17½% discount on \$500 orders with no unloading and no stale returns.

Unloading Costs—Independents say unloading cost amounts to only one-half of one per cent. Cardinet Candy Co. is charged with granting a 20% non-delivery discount to Safeway, amounting to 17½% to 18½% net price advantage to the chain.

Caught in the crossfire, several manufacturers who would like to do business



ACME PRODUCTS Facilitate the Carriers' "Full Loading Program"

● Reducing loading and unloading time . . . releasing freight cars sooner . . . utilizing the maximum amount of loading space and capacity are duties which every shipper and receiver must observe if the nation's transportation systems are to meet the tremendous demands now being placed upon them.

Hence, Acme Steel products are continually assuming more important roles in the defense program . . . for Acme Unit-Load Bands (for bracing every type of product in freight cars) and Acme Steelstrap (for reinforcing individual shipping packs) permit safe capacity loading . . . reduce tare weight . . . simplify unloading . . . release cars faster for other needs. Thus carload, pool car and LCL ladings . . . bundles, cartons, bales, boxes and skid-loads . . . parallel the acceleration of increased production.

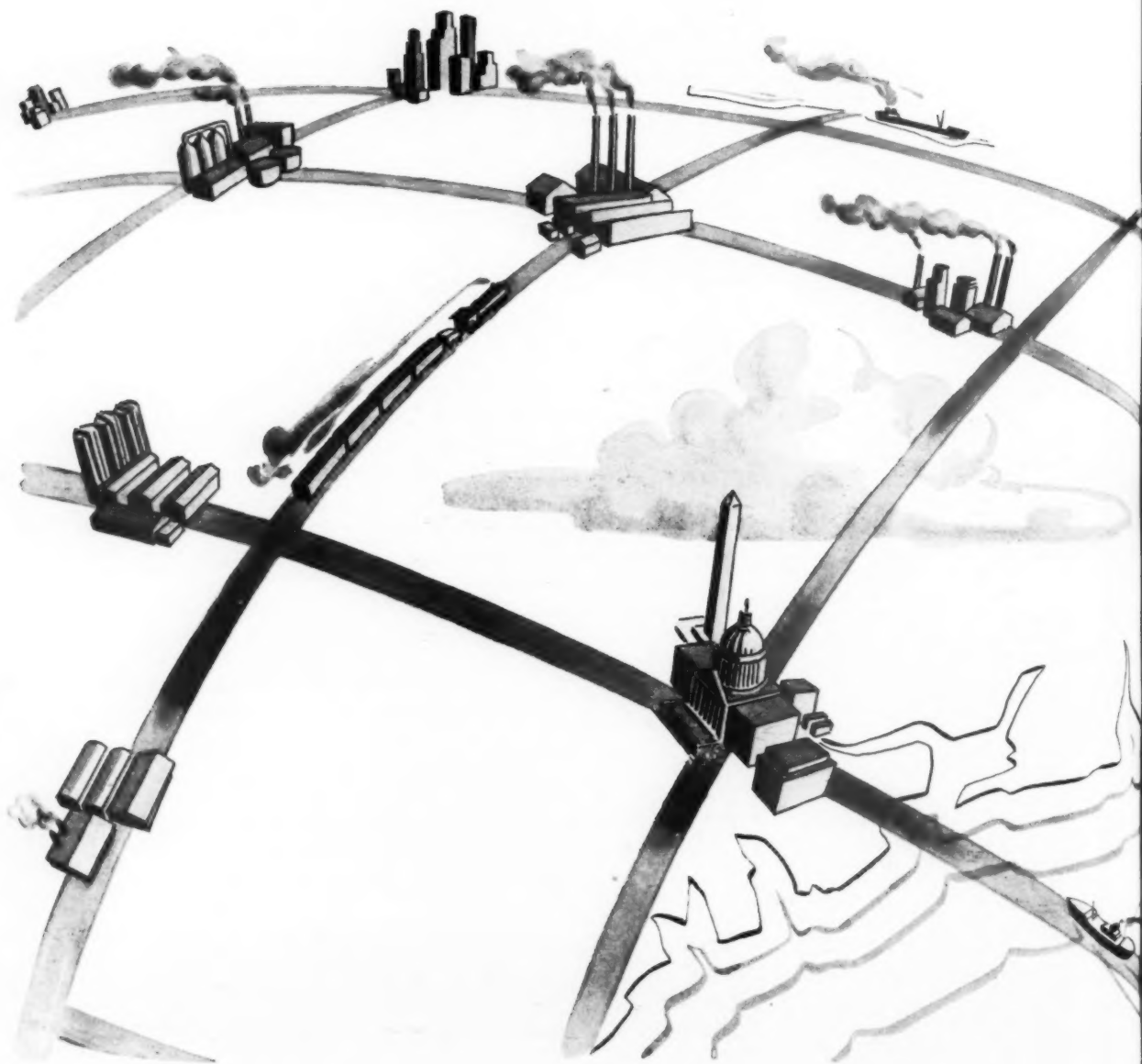
Cooperation with the carriers is essential to the defense effort because NO PRODUCT IS A DEFENSE PRODUCT UNTIL IT REACHES ITS FINAL DESTINATION . . . QUICKLY AND SAFELY.



ACME STEEL COMPANY

2828 Archer Avenue, Chicago, Illinois

What a view



ADV
of m
know
rising
1941
10-m



for a business man!

THE answer to how a Management-man gets such a bird's-eye view of his vital business world is very simple. He gets it through his weekly habit of using the pages of a certain magazine . . . Business Week.

In the exciting process of keeping all the news of business at their finger tips, Management-men put Business Week to more hard use perhaps than any other magazine they read. And with good cause.

. . . they not only use Business Week for what they get out of it . . . they use it for what they know goes into it!

Into the pages of each weekly issue goes the combined skill and judgment of a staff of business newsmen whose record for rightness and reason is unique even in American journalism. Behind each issue is a mounting testimonial to accurate reporting and dependable interpretation. It's a Business Week heritage in one word . . . **AUTHORITY.**

It's what caused a celebrated columnist to devote more than half a recent article to quotations from Business Week "*Because,*" said he, "*of (its) uncommonly rational method of discussion.*"

It's the kind of *Authority* that drew a special memo from OPM to its district offices saying of Business Week's Guidebook To Defense, "*This is the most complete story of defense that has been published.*"

It's evidenced in the fact that 94 daily newspapers in 32 different states are known to have quoted Business Week 214 times in a single month.

And . . . you can even see this *Authority* from the highways of New Jersey. The largest billboard in the state features Business Week's famed chart, The Weekly Index Of American Business.

In the making of many magazines, the three parts of paper, ink and idea are enough. But Business Week has a fourth.

The *Authority* of its pages is the asset that gives Management-men the advantage of using its business news for the making of business decisions.

It's why the pages of this magazine are known as the place where seeing is believing!

ADVERTISING MEN put **AUTHORITY** up high on their list of magazine characteristics; they only invest in pages they know are believed in. That's one of the big reasons advertising men are investing more dollars in Business Week in 1941 than ever before in its history. Giving it the largest 10-month advertising page gain of any magazine!



Business Week

"...one of the most useful magazines in America"

FREE BOTH HANDS WHILE PHONING with "HOLD-THE-PHONE"

Fits any cradle phone. Holds phone firmly to ear, ends "phone-arm cramp." frees both hands for making notes, paper-shuffling, etc. Practical, inexpensive, and a pleasure to use. Hold-The-Phone Co. SIMMSBOLD, DAYTON, O.

\$1.00
Mail \$1.00 or order on letter-head or purchase order. (in Ohio add sales tax.) Write for Special Quantity Prices

Morton Salt Co.
Chicago, Ill.



MEAT BAG

WORKERS WHO *Sweat* NEED Salt
• USE MORTON'S SALT TABLETS •

ness with both sides are finding themselves aligned with one group or the other. Victims of the chain store wrath are such firms as Baker's Chocolate and Shasta Water. By refusing to grant discounts to chains commensurate with the costs which the big distributors say they save manufacturers by handling their own store deliveries, these firms won the approval of the independents but found their products off the shelves of Safeway stores. In the case of Coca Cola, at least, a private label (Sno-Cola) is being pushed in place of the well-known brand.

• **Switch by Stokely**—Not a party to the discount fight but playing a leading

role in the new distribution line-up at Stokely Bros. & Co., one of the nation's oldest and largest canners, which in California recently switched from exclusive Safeway distribution to the independents.

Originally Stokely's Pacific Coast distribution was handled by the Western States Grocery Company, Safeway's owned jobber. Although sold by both independents and the chain in the East, the brand was restricted to the some thousand-odd Safeway stores in California. Some weeks ago Stokely Bros., seeking wider distribution through the independents, withdrew from the Safeway setup.

• **Not Easy**—Switching sides in the heat of battle, however, was not easy. Without ready retail or wholesale outlets in the West, where 10% of its national advertising is expended, Stokely's might have found tough sailing if large government buying hadn't temporarily postponed the problem.

Glorifying Shelter

Home magazines' successes in popular field are emphasized by House Beautiful's decision to broaden its editorial appeal.


When the January issue of Hearst Magazines' House Beautiful comes off the presses Dec. 15, there will be a difference. The editors sum it up by saying that the magazine has been "humanized." This means that House Beautiful, which always has been considered one of the two class magazines in its field (Condé Nast's House & Garden is the other) is, very discreetly, going to become a good deal less high-brow.

And that, in turn, means that American Home and Better Homes and Gardens, the two so-called popular magazines in the shelter group, are going to have new competition.

• **A Record of Growth**—It has been more or less inevitable ever since these two magazines proved what a bonanza there was in the business of supplying advice about home-making problems on a really mass basis. Probably no other division of publishing can cite a record of circulation, advertising, and profits growth which could match that rolled up by the shelter group in the past decade.

The performance of American Home, the baby of the field, is a case in point. Eight years ago, it had a circulation of 300,000; today it talks in terms of 2,500,000 readers; advertising volume and return show comparable gains.

• **From 35¢ to 25¢**—House Beautiful first made a play for wider readership



Deep Dies...

Demand "Dag" Colloidal Graphite


"It eliminates sticking of forgings in deep impression dies. It imparts a smooth finish to the die surfaces and reduces wear from friction and heat and increases die life."

---Drop Forge Superintendent.

Write for the whole story and name of your local supplier. Ask for Bulletin No. 130U

ACHESON COLLOIDS CORPORATION
PORT HURON, MICH.

"dag" is a registered trade-mark of Acheson Colloids Corporation.



over a year ago, by slashing its per-copy price to 25¢ from the 35¢ level it always had maintained along with House & Garden. Newsstand sales promptly went from a monthly average of 33,595 in the first six months of 1940 to the present estimated average of over 100,000. They now account for almost a third of the magazine's circulation. In line with circulation increases, an early advance in advertising rates is contemplated.

The House Beautiful slash is particularly noteworthy, since the Hearst magazines always have adhered to a high-price policy. Good Housekeeping is 25¢ in a 10¢ field. Harper's Bazaar has the highest per-issue price in the fashion group.

• **New Editorship**—About six weeks ago, when Elizabeth Gordon, long-time trouble shooter on Good Housekeeping, was appointed editor of House Beautiful, the trade surmised that a change in editorial formula, broadening the magazine's appeal, was in the works. January issue, first under the new regime, will not feature any radical innovations in format and make-up.

House Beautiful makes its bid for a greater popular acceptance at a time when the field which prospered during depression is beginning to cash in on its first boom. For example, between June, 1940, and June, 1941, circulation audits, American Home's total net paid went from 1,835,720 to 2,156,907; Better Homes & Gardens' from 2,194,004 to 2,409,410; House & Garden's from 197,615 to 237,919.

• **Linage Gains**—More advertising has come in the wake of more circulation. For the first 11 months of this year, the magazines showed the following linage gains over 1940: Better Homes & Gardens, 11.7%; House Beautiful, 4.8%; House & Garden, 3.7%. Only American Home showed a decrease in linage—8.4%—the result of the three rate boosts in as many years, and it is offset by a gain in revenue.

Increased advertising stems in part from the home magazines' aggressive campaign to siphon more money out of food, cosmetics, and other lines, instead of leaning too heavily on the home furnishings' field. The ten-centers—American Home and Better Homes & Gardens—now consider themselves more competitive with the general women's magazines (Good Housekeeping, Ladies' Home Journal, Woman's Home Companion, McCall's) than with the other two in the shelter group.

• **Food Advertising**—According to Publisher's Information Bureau totals, American Home has upped its food advertising revenue from \$397,716 in the first ten months of 1940, to \$516,489 in the same period this year. The magazine is now going after drugs and cosmetics, via an elaborate promotion survey.

There are no indications that House

YOUR SALESGIRL'S ALWAYS RIGHT when she shows merchandise under WESTINGHOUSE MAZDA F LAMPS



HERE'S WHY: This amazing new indoor daylight is your salesgirl's best friend. It makes her job easier, by making your merchandise look its best. Colors are brightened, patterns take on added interest, fabrics look richer.

Fluorescent is the most efficient kind of light yet developed. Properly installed with Westinghouse Mazda F Lamps, it brings you economically the high-intensity lighting you've always wanted for your business—50

foot-candles and more of illumination that is cool, diffused, easy on the eyes. Installation is economical, too—usually no costly rewiring is needed.

In stores and shops, large and small, fluorescent lighting is making business better by making seeing and selling easier. Why not look into it? Just write for our booklet A-3578. WESTINGHOUSE ELECTRIC AND MANUFACTURING COMPANY, LAMP DIVISION, Bloomfield, N. J.

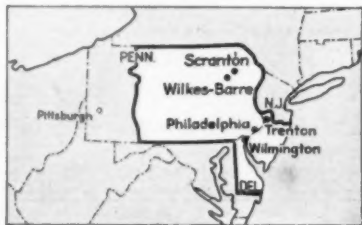


FOR FLUORESCENT LIGHTING AT ITS BEST . . . SPECIFY



The Regional Market Outlook

PHILADELPHIA (Income Index—131.4; Month Ago—131.5; Year Ago—112.1)—What with shipbuilders rapidly boosting activity along the Delaware (America's Clyde), with Bendix and other aviation companies planning to expand, and with the Frankford Arsenal and other ordnance makers adding new plant facilities, future income prospects in this Federal Reserve District are promising. But basically the outlook is unchanged from a month ago.



CHICAGO (Income Index—139.1; Month Ago—140.2; Year Ago—119.4)—Automobile payrolls are due to drop again this month, and other metal-goods lines—farm machinery, furniture, household appliances—also face curtailment. But retail sales are not collapsing in "priorities towns"—workers know that arms jobs will eventually take up the slack (BW—Nov. 8'41, p46).

For instance, Lansing, Mich., will be busy before long on propellers, shells, and guns, and at Muskegon, Mich., aircraft-engine manufacture is rising. Waterloo, Ia., is to make tank parts, and Newton, Ia., will machine shells. However, Grand Rapids, Mich., and Decatur, Ill., are seeking defense orders.

Activity continues to advance uninterrupted in arms centers. In the Chicago industrial area, steel capacity is to be increased at East Chicago and Gary; new furnaces have just begun operating at South Chicago; work on \$80,000,000 of

Gains in armament output are being offset by declines in nondefense lines. Silk inventories are approaching exhaustion and shortages have begun to threaten hosiery and silk-throwing mills; payrolls in the Reading area have leveled off in recent months. Priorities on metals have also necessitated minor layoffs in Camden and Philadelphia.

Anthracite output has slipped back to 1940 levels, because of warm weather and forward buying during the summer (BW—Sept. 6'41, p40). Increased operations and a wage boost during early 1941 have lifted payrolls, but due to the part-time nature of operations, employment has not increased and unemployed workers have migrated to defense centers from such anthracite towns as Shamokin, Mt. Carmel, Kulpmont, Centralia, Mahanoy City, Hazleton, and Mauch Chunk. However, defense work has lifted payrolls in Pottsville and Wilkes-Barre, but Scranton still lags.

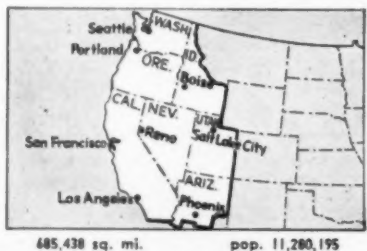
tank orders is accelerating at Hegewisch and Hammond, and defense plants at Wilmington, Joliet, and Melrose Center will soon start hiring.

At Indianapolis, Ind., employment in aircraft-engine, propeller, and brass factories is mounting; Muncie, Anderson, and Richmond also are booming. Terre Haute, a nondefense town, is "worried," but thus far unaffected, by priorities. Payrolls are soaring in Burlington and Des Moines, Ia.



centers. In addition to the scheduled large-scale expansion of aircraft, ordnance, aluminum, and magnesium capacity, awards have just been made for giant new steel works at Provo, Utah, and Pittsburgh, Calif. Moreover, new shipyards have been contracted for in the Stockton, Calif., port area, and at Mare Island, Calif., and other major projects are "in the works." Shipbuilding has now become the district's fastest-growing industry.

Even though employment is up 10% to 20% in foods, textiles, motion pictures, and oil refining, these lines have been lagging well behind the arms industries. And now, lumber production in the western counties of northern California, Oregon, and Washington has begun to taper off. New orders have been running below 1940 levels as well as below current output, and SPAB's construction curtailment order (BW—Nov. 8'41, p46) is apt to limit demand.



& Garden will cut its 35¢ price to meet House Beautiful's two-bit level, but there is a good chance of a change in the other direction—for the ten centers in the field. Advertising Agencies—uneasy about recent page rate increases (BW—Nov. 1'41, p41)—have suggested that an increase in per-copy price might be more advisable than a rate boost.

● **Switching**—One of the big women's magazines may show the way for American Home and Better Homes & Gardens, for it is reliably reported to be on the verge of switching to a two-coin price.

Such a boost might have an untoward effect—deflating newsstand circulation, which is more profitable than subscriptions.

Store Milk Only

Disposal of home-delivery routes by Rockford Dairies sets new precedent. Price is cut to 10¢ a qt. in paper bottle.

Rockford Dairies, Inc., a subsidiary of Dean Milk Co. of Chicago, has been the biggest milk distributor in Rockford, Ill., third largest city in the state, since 1929. Twelve years ago, it had 72 retail routes, then began the same depression-born practice of cutting down the number of home-delivery routes that most dairies have followed. Last week, the company had 30 retail routes, four wholesale routes. Then, suddenly, it gave up its household-delivery services, shifted to store outlets only.

● **Price Slashed**—In announcing the move, Samuel E. Dean, Sr., head of the parent company, told Rockford dairymen that he was discontinuing household deliveries and the use of glass bottles at once, warned them that he would immediately undercut the established price level of 14¢ per qt., home-delivered, and 12¢, in stores, by putting out paper-bottled milk at 10¢ in stores—a cut that was all the more dramatic because it comes at a time when dairy prices are generally rising (BW—Oct. 18'41, p33).

To effect the move, the company gave away all its retail routes and lent competitors the trucks to serve them without condition that Rockford Dairies' routemen continue to drive them.

● **All Have New Jobs**—Sam Dean says he had kept his home-delivery routes—all of them money-losers—for several years after he had made up his mind. He waited until jobs would again be plentiful. Rockford is now roaring with machine-tool and munitions orders and his 39 displaced delivery and glass-bottle department employees all got other jobs without delay.

Dairies have gone all-out for selling

through stores before this, but usually they have been ambitious newcomers trying to crash in or subsidiaries of larger dairies, which themselves have both home and store deliveries established for competitive reasons. Indeed, another Dean subsidiary, has done this successfully in Chicago in the past few years and has become a major factor in that market. What makes the Rockford move significant is that the firm already occupied a predominant position in the city.

• **Now Moneymakers**—During the week preceding the shift, Rockford Dairies' 34 routes produced an average total of 6,900 qt. per day. On the first day of 10¢ milk, its eight routes delivered 7,700 qt. Six days later, they were selling 9,000 qt., and demand showed no sign of levelling off. At the present time, by its figures, the company is making money on every route for the first time in years.

Dean Milk Co. first attracted national attention when, through its subsidiary Fieldcrest Dairies, Inc., it battered Chicago officials with injunctions, lawsuits, and statistics (BW—Mar. 18 '39, p14) until eventually they admitted paper milk bottles—though a Supreme Court appeal by the city still impends. In Chicago and suburbs Sam Dean attempted no doorstep deliveries.

• **Verification**—By making more money proportionately on the Chicago operation than ever before in his long experience, Dean verified a persistent suspicion. Forty years ago, he says, early-morning delivery of chilled milk was necessary because iceboxes were few. But, his suspicion has been that doorstep delivery became obsolete when refrigeration spread into low-income homes and into practically all food stores.

As customers began using automobiles for taking home cash-and-carry groceries, the load could just as easily include milk. If he proves this theory in Rockford after jettisoning the best milk business in town, he may set the pattern for a major shift in U. S. milk distribution.

FIBER TAX TOKENS

Colorado tax officials had to change plans for making new sales tax tokens out of plastics (BW—Aug. 9 '41, p29), because they could get no bright red plastic powder in time to avert a shortage of tokens. So they announced last week that the first new tokens, at least, would be of bright red fiber, stamped out on the same machines that made the old aluminum tokens. Present hole in the center will be eliminated as soon as a change in design is possible, said Harold Hurst, chief of staff services of the Colorado revenue department. Reason: The department fears that girls might be tempted to make costume jewelry out of the red tokens.



As an executive, your interest naturally lies in getting your money's worth when you buy a crane. For that reason, you should pick the crane that gives you smooth, efficient operation and long life—with-out unnecessary noise and wear.

A noisy crane is a wasteful crane. Just as in any other machine, noise in a crane means friction, higher

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OVERHEAD TRAVELING CRANES

LABOR & MANAGEMENT

How They Bargained at Ford

America's biggest job of setting wage rates under a union contract has been completed after five months of give and take, of strikes, of unending "educational" work.

The most herculean job of collective bargaining ever attempted in American industry is finally completed. It began in June when pens in the hands of Ford Motor Co. personnel manager, Harry Bennett, and C.I.O. president Philip Murray, scratched signatures on end of a short 3-page document (BW—Jun.28'41,p40). That document was headed, "Agreement between the Ford Motor Co. and the United Automobile Workers Union—C.I.O." It made history on a number of counts, chiefly because it gave the C.I.O. a closed shop and a check-off in what had been regarded as the most aggressively anti-union company in the country.

• **Challenge to Negotiators**—It was unique on another score too, for in its brief length there wasn't a single figure. The only thing it said about wages was that Ford would pay rates equal to those of any company engaged in any enterprise duplicated in the vast Ford empire.

This cryptic clause began a series of negotiations which have just now been wound up. It contributed to misunderstandings responsible for an average of one work stoppage a day at Ford plants until mid-September. It led Ford to create a complete wage research department where none had existed before. And, today, what was started for some 80,000 production workers at the River Rouge and Lincoln plants alone has been extended to cover the more than 130,000 employees in all the company's branch plants—and eventually—the more than 200,000 total to which defense is expected to swell the Ford payroll.

• **Sweeping Change**—Union men describe what was touched off by the Bennett-Murray signatures as a revolution. Imagine, they say, what would happen if Germany suddenly became a democracy; such a change couldn't be effected smoothly overnight but it would be a change toward peace and progress. Some motor executives outside Ford have another suggestion: that you try to get the picture by imagining what would happen if this country suddenly went Communist—"undisciplined workers doing what they damned please, riding roughshod over management, crippling production." Ford officials shun both analogies, say very little beyond, "We're getting along better and better, things are shaking down O. K."

Since September there has only been one troublesome work stoppage at Ford and that happened because employees of a certain department expected pay checks at the newly negotiated rates and got them at the old scale because the payroll department just couldn't make the change in time. The union's administrator for Ford, quiet, capable Richard Leonard, an ex-mechanic at De Soto, whose job it is to make the Ford agreement work, sped out to the Rouge plant and made the sulking sitdowners a speech. He explained, as he has had to explain in dozens of similar situations before, exactly what "retroactive" means. When he made it clear to the strikers that what they didn't get in that day's pay was accumulating retroactively to June 20 and would come to them in a lump sum, they went back to work.

• **Complicated Job**—That's the kind of

problem that has been responsible for most of the trouble since Ford "signed up." Inevitably the adjustments which were promised have been slow in coming through. First the union had to name the companies whose rates it wanted Ford to meet under the wage clause of the agreement. After almost a month of study, U.A.W. researchers came up with following list of concerns as models for the various Ford lines of production: General Motors for auto manufacture, Libby-Owens-Ford for glass, Republic Steel for steel, B. F. Goodrich for rubber, and Michigan Alkali for cement (BW—Jul.26'41,p41). But they found that Ford had labor doing work which was not duplicated in any of these firms, so U.A.W. had to scratch around for additional standard-setters.

In a supplementary list, the union named Great Lakes Steel, as a company which had a private railroad comparable to Ford's, added Consolidated Paper for Ford's paper making, Detroit Edison for the Ford power plant, and the City of Detroit Water Supply Department as an enterprise similar to the one Ford conducts in maintaining the 25,000 miles of pipe under the vast Rouge works. And while union statisticians worked at picking highest-wage companies, union committees began the job of negotiating wage adjustments.

• **"Engineering Sessions"**—The union-company negotiations over wages de-



During the C.I.O. convention in Detroit last month Ford Motor Co. executives entertained the C.I.O. chiefs at lunch. Harry Bennett, Ford's personnel director (right), had R. J. Thomas,

president of the United Auto Workers, for his luncheon partner. Now, for a change, Bennett and Thomas have a common goal—making Ford's monumental C.I.O. contract work.

started completely from what is orthodox subject matter for wage bargaining conferences. The meetings were really engineering sessions. When a given job was under discussion the union had on hand a Ford employee who either worked at that job or who was familiar with it at first-hand, a department steward from General Motors who knew how the same job was done at G. M. and what its pay rating was there, and generally a full-time U.A.W. staff member and professional negotiator.

Across the table were usually three Ford management representatives. One of them was apt to be Jack Blott, former All-American football center from the University of Michigan who now heads up the new Ford "union relations" department, another the superintendent of the plant building in which the job under discussion was performed, a third the foreman who supervised the job.

Other Plants Involved—They had plenty of headaches. For instance, while all companies in the automobile industry have distinctly similar productive processes, a job at the Chevrolet gear and axle plant is likely to be done with a different twist from the same job at Ford. In every such job comparison the union was interested in evidence that the Ford job was "harder work" and should be paid above the G.M. scale; the company representatives, in evidence that the Ford job was easier and should carry a lower rate. So every job category was, in effect, engineered by the negotiators.

In some hotly-argued cases, actual field trips were made by Ford supervisors who, with G.M. cooperation, went into G.M. plants and made a direct appraisal of a disputed job. Sometimes union men who worked at a given job for G.M. went into the Ford plant and analyzed the job there with which their work was being compared. Then talks would be resumed and a typical opening gambit from the union side of the table would be, "Why, I looked at the job here in the Rouge plant, and I'd get a quarter an hour more if I had to do it that way at Chevie." To which company men might reply, "Nuts, we clocked the two jobs and you make a full bend every ten minutes over there; our boys don't even have to wag their heads."

Line vs. Line—But, although the discussions got pretty heated at times, the negotiations went on in good faith without a break. In some cases, the union made its points pro forma and let the company put down its suggested figure on the long sheet with the job descriptions on it. In others, where the Ford assembly line, one of the oldest in the industry, was exacting more labor from a job than the line at G.M., the company agreed to the union contention without a challenge.

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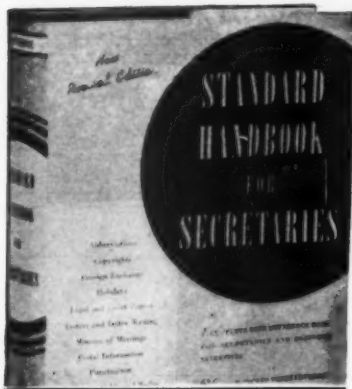
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rates for under-chassis assemblers. The old Ford line runs along level, with pits provided for under-chassis labor; the worker has, unquestionably, a cramped, overhead job. At G.M. newer assembly lines hump for under-chassis labor, providing the worker with an almost-level job as he meets the chassis going up and coming down an incline. In such cases the union found the company agreeing to its proposals without a protest.

• **2,000 Problems**—Building by building, department by department, job by job, the negotiators pushed their way through more than 2,000 different wage classifications. As fast as they reached agreement on a rate, they set it down on paper, affixed their signatures, and sent it along to Raymond Rausch, Ford's general superintendent who would O.K. it—or, sometimes, send it back for further discussion. When it had Rausch's O.K., the rate was transmitted to the payroll department where retro-active payments were figured and incorporated in the employee's next check, along with the adjusted rate.

All in all, the adjustments just finished will add \$52,800,000 to Ford's annual payroll (BW—Oct. 11 '41, p. 68). The average wage has been pushed up from 95.8¢ an hour to \$1.16. There is no piece work at Rouge, and newly hired production workers will start at 10¢ an hour less than the going rate for the job they're on. After four weeks they get a nickel boost, and with eight weeks of service they go to the full scale.

In some classes of employment covering about 13,000 workers, notably in the tool and die shops, wages vary on a merit basis. There may be a spread of 15¢ an hour on the same job, and what an employee gets is decided by how well he performs his work. But that decision is made in a unique way at Ford—jointly by union and company.

• **Payroll Sitdown**—One interesting by-product of all the rate-adjusting was a strike in the payroll department. U.A.W.'s contract with Ford provided that clerical employees, who did work of a confidential nature, would not be taken into the union. This included the payroll department. But employees there were made union-conscious by handling all the adjustments and felt that if they had a union they could get comparable wage increases. Some of them went to U.A.W. and asked to be taken in, but U.A.W., anxious to live up to its contract, turned them down.

They then went to the Office and Professional Workers Union and were accepted into membership. When Ford management learned about that, certain payroll department employees were transferred to less confidential jobs. The department responded by staging a sit-down strike. Upshot was that the Ford management approached U.A.W. and asked it to take the payroll employees in. U.A.W. did, and now the payroll

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department is included under the contract.

• **Strike Fever**—Meanwhile the union was getting ample evidence of the tremendous job it faced in making its constituents live up to their contractual obligations. The wage negotiations took time and various groups of Ford employees were impatient. Time and again they struck in an attempt to pressure the negotiators into taking up their rates before others.

Bottlenecks developed. In the beginning, Rausch was away from Detroit occasionally and actual payment of the new scales had to await his return. This brought on strikes. Then, too, the union had oversold itself to its members in some cases and when the adjustments were made some workers were disappointed. That made strikes. And discrepancies in wage rates or privileges allowed in different departments as a result of error led to strikes before the errors could be corrected.

• **Crisis in September**—None of the work stoppages were sanctioned by the U.A.W. Early in August it had used the Ford bulletin boards to serve notice that anybody who incited or participated in a contract violation (which a strike is) could expect to be disciplined by the company and would get no help from the union. But in early September the strike habit had got so bad that Bennett was reported to have called the U.A.W. officials in and told them that if they couldn't control the men so that production could go on, they could take their union out to the middle of the lake and let it sink.

However, that was about the high-water mark of the flood. Right after the contract was signed, the union began an educational program for its 2,000 shop committeemen in Rouge. It tried to make them understand the monumental job ahead, kept hammering on the retroactive clause in the contract, urging them to convince the rank-and-file that everybody was eventually going to get everything he had coming to him. And eventually this program started to show results and discipline began to make headway. Also, Ford has laid off some of the strike leaders and union officials have dressed them down.

• **Foreman Trouble**—However, trouble spots began to develop on the other side. Ford foremen, reading the contract, noted that it provided for a top appeals board to handle grievances which were not settled on lower levels. Rather than take the responsibility for settling scores of grievances which were suddenly presented when the union was recognized, they passed the buck. "Take it up with the appeals board" was the answer that the union says it got in more than 3,000 cases on which it has kept records. This led to an accumulation of grievances which snowed under the top-management body, took time, bred resentment,

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caused strikes. Ford, like the union, found it had to run an educational program; the foremen got one in collective bargaining.

It is now evident that both parties to the contract are putting forth every effort to make it work. But there is a third party in the situation. It is made up of men in the company's employ who opposed the coming of U.A.W. and are discontented with it now. Both Ford and the union have to deal with that fact in their now hopeful plans for minimizing possibilities of further trouble.

Peace on the Rails

Strike threat, which was never more than a threat, ends with unions winning more than fact-finders had recommended.

At seven o'clock Monday night, representatives of 19 railway labor unions, convinced that they had got as much as it was possible to get from railway management in the way of wage concessions, agreed to accept pay increases which will add \$300,000,000 to \$325,000,000 annually to carrier pay-

rolls and call off their threatened strike. • **Strictly a Compromise**—The rail-wage settlement was strictly a compromise, but it nicked the carriers for less than it was expected they would have to pay out when the unions began their pay raise agitation last July. At that time, the five operating unions went into collective bargaining conferences asking for a 30% increase in basic wages, and they were followed by the 14 nonoperating crafts who demanded an average boost of 41% (BW—Jul.26'41,p43). The combined original demands were estimated at \$770,000,000.

After almost two months of face-to-face bargaining failed, the labor groups took a strike vote (BW—Sept.13'41,p8) and the two-party talks ended, to be resumed only last week-end.

• **Presidential Board**—In the interim, President Roosevelt appointed a Special Fact-Finding Board which met, held hearings, and formulated recommendations in accordance with requirements of the Railway Labor Act (BW—Nov.15'41,p66). Its recommendations for settling the wage dispute proposed a 9%-an-hour increase for nonoperating employees and a 7½% raise for operating men—an annual dollar total of about \$270,000,000. Further, the moderate increases were to be considered tem-



ARBITRATION BOARD

John Steelman, on leave from his directorship of the U. S. Conciliation Service; Benjamin Fairless, president of U. S. Steel; and John Lewis, president of the United Mine Workers Union (left to right, above) were still closeted in New York's Commodore Hotel this week, arbitrating the cap-

tive-mine dispute (BW—Nov.29'41,p14). Their discussions had been resumed after a brief intermission last week, during which mine-owning steel companies were quizzed on whether they were prepared to abide by the arbitration board's decision (only Crucible Steel said no). As conferences continued, betting still favored an outcome Lewis would find satisfactory.

porary; wage scales would revert to current levels on Dec. 31, 1942.

When the carriers heard the board's recommendations, they accepted them with alacrity.

• **Strike Threat**—But relief at the proposal was short-lived. The unions rejected it in toto, and began the motions of making strike plans to be put into effect Dec. 7. No one who knew the character of the railroad brotherhoods took the strike threat seriously. They are not direct-action organizations. Their last great strike effort was in 1894. Since then they have settled into lobbying organizations, collecting and spending money largely for the purpose of influencing state and federal legislation.

Union leaders knew that if a strike call were actually issued it would be ignored by so many of the operating railroad employees that the leadership would be repudiated.

• **Shadow-Boxing**—Yet serious plans were made for a strike in order to convince the public that the unions were in earnest. The preparatory hocus-pocus served another purpose. It raised, for railroad management, the specter of government confiscation, thus giving the unions a bargaining weapon of some effectiveness. Nevertheless, this too was shadow-boxing.

The unions are only a little less opposed to government ownership than the carriers. They know that government operation might well mean the end of "featherbedding" practices which pay wages for jobs not worked. They know, too, that once government did take over the roads, their constituents would become civil service employees and their activity as unionists would be substantially circumscribed.

• **Further Bargaining**—However, management could not know how much the unions would take and be content not to start the hue and cry for government ownership. And because of that, the carriers were induced, after the Fact-Finding Board's Nov. 5 recommendations, to resume actual bargaining with the unions. To keep that bargaining alive, Mr. Roosevelt, in an unprecedented move, reconvened his factfinders.

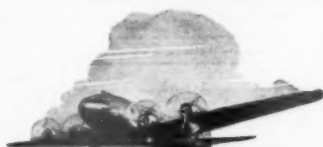
The final outcome of negotiations gives nonoperating employees a pay raise of 10¢ an hour, and gives operating men a 9½¢-an-hour boost. This is one and two cents more respectively than the board originally recommended. A further concession to the unions provides that these increases be added to the base rate, and not be considered temporary.

One other provision in the final settlement departed from the board's Nov. 5 proposals. At that time the board underwrote a six-day annual vacation with pay for all nonoperating workers. What the unionists get instead is six, nine, and

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NEXT ISSUE for "clues" ads December 20. Copy required December 16.



Partisans of the 23 defendants in the Minneapolis sedition trial set up a soup kitchen where the men could eat all during the trial. Most of the de-

fendants occupied high positions in Local 544 of the A.F.L. Teamsters Union which went C.I.O. before the trial got under way.

twelve days for one, two, and three years of service for office, clerical and telegraphic employees. Other nonoperators will get the straight six days.

SEDITION TRIAL VERDICT

Minneapolis's famous sedition trial ended this week as the 23 defendants, all members of the Socialist Workers (Trotskyite) Party were acquitted by a federal jury (BW—Aug. 2'41, p. 44). Eighteen of the accused, however, were found guilty on charges of conspiracy to create insubordination in the armed forces and face a maximum of ten years' imprisonment when sentence is imposed.

In addition to being a celebrated civil-liberties case, the trial was considered front-page labor news because the accused were all either leaders, members, or supporters of Minneapolis's Teamsters Union Local 544. This local exerted a powerful influence in local labor-management relations. Shortly before the 23 were indicted last July, Local 544 left the A.F.L. and joined the C.I.O. The court defense for the accused made much of this fact, charging that if a conspiracy existed it was the international president of A.F.L.'s Teamsters, Dan Tobin, and President Roosevelt who were conspiring for the purpose of "martyring" the leaders of 544 for going C.I.O. Counsel for the unionists this week planned to appeal the conspiracy verdict. If they are unsuccessful in having it set aside, the F.B.I. is expected to turn its attention to other radical labor leaders.

Raiding Rebuked

Jurisdictional strife decried in report of President's board on Detroit case, but statement is unlikely to have lasting effect.

Early in November a jurisdictional dispute between two A.F.L. unions (Teamsters and Railway Clerks) stopped the freight-hauling services of the Railway Express Agency in Detroit. After repeated efforts to settle the dispute proved fruitless, a government-conducted collective bargaining poll revealed that the Railway Clerks union was the choice of an overwhelming majority of the men who were being contested for.

• **Presidential Action**—Even then the Teamsters refused to withdraw. When it became clear that the movement of vital defense material was being impeded, President Roosevelt, in a surprise move, proclaimed that the imbroglio was a dispute under the terms of the Railway Labor Act. Such action by the Chief Executive made the Teamsters' strike illegal for 30 days, and when Roosevelt followed up by appointing an Emergency Fact-Finding Board to make recommendations, the Teamsters called their strike off (BW—Nov. 15'41, p. 72).

When the President's board proceeded to Detroit to conduct hearings, Teamsters' representatives appeared before it and maintained that the cessation

of the dispute voided the authority of the board. The board emphatically rejected such logic and went ahead to prepare a report, finished last week.

• **"Inescapable Duty"**—That report departed from the traditional examination of the merits of the case—it had to because the case was already settled—to present what is perhaps the most forthright denunciation of jurisdictional squabbling ever written into a public document. It held that it was "the inescapable duty" of labor unions to avoid jurisdictional disputes at all times. In a period of national emergency, such interruption of "the intensive and continuous production so necessary" was declared intolerable. The report came out for direct government intervention in cases where jurisdictional disputes grew to strike proportions.

• **Significance?**—Barbed though it was, observers of the labor scene were convinced that this attempt to shame expansionist craft unions into being less predatory wasn't going to accomplish anything. It was freely predicted that disputes like the one just ended in Detroit will continue until the A.F.L. ceases to be a voluntary association and seriously polices the jurisdiction of its constituents, or until legislation provides serious penalties for union raiding.

PENNSYLVANIA HEADACHE

As Pennsylvania's Secretary of Labor and Industry, Lewis Hines, ex-A.F.L. organizer, decides who is and who is not entitled to receive unemployment compensation. The way he exercises the prerogatives of his office in this respect has made him the target of criticism by legislative committees and by newspapers.

A hardy perennial, which has come to be known as the "Hines headache," is the coal strike. When the commercial mines shut down in 1939 and 1941, Hines ruled that these were "labor holidays," not strikes as defined by the state's unemployment compensation law. This meant that the miners affected were entitled to unemployment benefits. Classing these disputes as "involuntary unemployment" cost Pennsylvania's U.C. fund over \$4,000,000.

Last September, when 15,000 anthracite miners refused to work under contracts which provided that a part of their wages be checked off and sent to John L. Lewis's United Mine Workers Union treasury, Hines ruled it a strike and ordered that benefits be paid, but only after six weeks. Most recent "Hines headache" was the captive-mine strike, which involved 26,000 Pennsylvania miners. After what his critics contend was a weighing of the political consequences of the alternative decision, Hines ruled that the strike was a strike, that miners would get no benefits because it did not last through the six-week waiting period.

DUST can even stop an Army

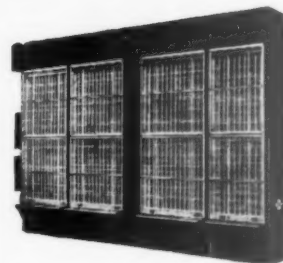


THIS is the story of a battle—etched into history by a blinding blast of dust and sand which neither men nor machines could withstand.

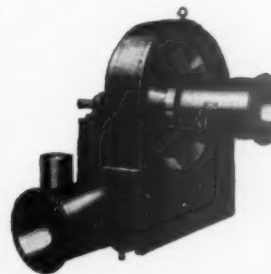
Industry's dust problem is no less dramatic than was Graziani's, for industrial dusts, which take their toll in man-hour efficiency, spoiled machined surfaces and depreciated equipment, must be eliminated or controlled if America expects to realize its hopes for a quick and efficient rearmament.

Leading the offensive to eliminate atmospheric and process dusts are the engineering and manufacturing facilities of the American Air Filter Company, which is supplying more than 92% of its output of dust control equipment to American defense industries.

Engineering data and complete information on the entire line of AAF products are available to manufacturers. There's no obligation—Please write us.



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FINANCE

Year-End Extras

This month's disbursement of dividends will give shareholders best holiday in many years. New taxes a factor.

Corporation boards of directors still haven't lost the habit of declaring year-end dividends. Consequently, extra-large slices of the earnings pie will mean the merriest Christmas in many years for millions of shareholders. Last month's declarations of dividends, to be disbursed this month, were largest for any month since November, 1936.

• **How Habit Developed**—Five years ago corporations began to make precise estimates of earnings and pay extra year-end dividends, rather than build up their surplus accounts. This action was encouraged by the government which, through its undistributed-profits tax, would gobble part of the undeclared earnings. That tax lasted only a few years, but the year-end disbursement habit remains.

A surprisingly large number of the extra dividend payments this year will reach the shareholders the day before or the day after Christmas—too late, perhaps, to use for Christmas shopping, but just in time to prop the purse when it is flabbiest. Dividends this month will be further supplemented by disbursements which usually come in January, but which are being paid a month earlier to avoid being subjected to the higher individual income-tax rates expected for 1942 (BW—Oct. 11 '41, p. 73).

• **Increase of 9.6%**—Dividends of \$742,531,000 declared last month brought the eleven months' total to \$3,878,000,000, an increase of 9.6% over the total for the similar period of 1940 and greater than in either of the preceding two full years. Last month's declarations were voted to shareholders of 1,347 corporations.

Oil companies voted \$121,296,000 of the November total, compared with \$94,567,000 in November, 1940. Public utilities, on the other hand, reduced payments with \$94,506,000 declared last month, compared with \$110,384,000 in November, 1940. Railroads accounted for \$54,046,000, automobile companies \$53,053,000, copper companies \$38,199,000, food and packing companies \$19,645,000, chain stores \$12,172,000, and steel companies \$11,814,703.

• **How They Fared**—Oil companies, railroads, banks and insurance companies, chain stores, copper companies, food and packing companies, automobile companies, automobile equipment companies,

and steel companies all increased dividends. Department stores, mail-order houses, public utilities, railroad equipment and tobacco concerns paid less.

Dividends in arrears are being reduced; 116 back dividends on preferred stock were voted last month, compared with 89 back dividends in November, 1940. In addition, 164 extra dividends, 35 initial payments, and 15 stock dividends were voted.

The following table, prepared by the New York Times, shows total dividend payments each month for the past four years in millions of dollars:

	1938	1939	1940	1941
Jan.	282	223	254	243
Feb.	310	308	345	382
Mar.	204	220	253	269
Apr.	165	163	190	208
May.	370	383	455	521
June	261	265	285	306
July	190	202	260	269
Aug.	245	315	372	385
Sept.	216	226	244	271
Oct.	191	211	230	281
Nov.	513	663	690	743
Dec.	296	387	389	...
Total ...	3,242	3,566	3,927	3,878

• **Expectations**—These figures, of course, do not take into account those dividends declared this week and to be declared during the remainder of 1941, expected to exceed \$400,000,000. The J. C. Penney Co., for instance, last Tuesday declared an extra dividend of \$2 a share on its common stock, as well as the regular 75¢ a share.

United Engineering & Foundry Co. on the same day declared a year-end dividend of \$1 a share. President G. T. Ladd pointed out that payments this year total only \$3 as compared with \$4 in 1940 because "the directors took into consideration large tax requirements for 1941 and necessity of maintaining a sufficient liquid cash position consistent with abnormal volume of business under contract and execution."

• **Railroads**—Railroads, especially, have been waiting until after union wage negotiations were concluded before taking any dividend action. Some of the carriers are in excellent financial position but, with large dividends in arrears on preferred stock, expect to reduce these back-dividends this month. Others, now using idle cash to retire debt, may resume common-stock dividends after many years without disbursements.

The Tuesday wage settlement (page 96) will take a big slice out of the net income of most railroads in normal years. But in 1941 and 1942 and other boom years of capacity traffic demands, there will remain a profit sizable enough to encourage stockholders to inquire, "Why don't we receive a payment on our stock?"

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COMMODITIES

Wanted: Fats, Oils

Lease-lend exports and halt in imports have caused general upsurge in edible prices, but high stocks handicap lard.

From 1924 until 1938, lard consistently cost substantially more than cottonseed oil. But three years ago the cottonseed-oil price jumped ahead of the lard price and, except for a few 1939 months, has remained ahead. Furthermore, the spread gradually has been widening. Price of the oil recently has been near its 15-year top, whereas lard has leveled off since early summer, and many traders believe that lard still is in the more vulnerable position.

• **Lard Stocks**—Several months ago, heavy hog slaughter boosted lard stocks to an all-time high of 353,737,000 lb. Since then, lard stocks have been halved by lease-lend purchases of approximately 280,000,000 lb. and by improved domestic consumption, which totaled 161,000,000 lb. in October, larger than any previous month for more than seven years. But lard stocks still are three times more than the Nov. 1 average for the five years before 1940.

Plentiful supplies likely will continue to be available, for the Department of Agriculture is encouraging production by assuring farmers of a minimum price of \$9 a cwt. for their hogs. Prices now are \$1 a cwt. above this minimum and production remains profitable, stimulated by the highest corn-hog ratio in several years—with 15 bushels of corn (at a farm price of 65¢) equivalent in price to 100 pounds of hog.

• **1942 Hog Slaughter**—The Bureau of Agricultural Economics this week an-

THE MARKETS

Stock prices entered this week (and month) at their lows for the year. They proceeded to register a new bottom on Monday—with the lowest average price since the evacuation of Dunkerque. At that time, early 1940, investors and speculators alike frantically liquidated securities in this market, without regard to high earnings and yields. Closing price averages of industrial securities last Monday were within 1.6% of the fall-of-France level and only 15% above their lows since 1935.

• **Railroad Settlement**—Early Tuesday, after an all-night session, the President's Emergency Fact-Finding Board announced that a compromise agreement had been reached for settlement of the railroad wage dispute. Speculators and investors, released from the fear of a paralyzing carrier strike, scrambled to acquire securities. The average industrial stock price rose about 2 points.

Railroad-share values climbed about 2.5%, even though the compromise means about \$325,000,000 a year added to payrolls. Volume was heaviest for several months; 1,180,000 shares were traded on the floor of the New York Stock Exchange. The following day, prices continued to advance, less jubilantly, but still at more than a million-share-day clip. It was the first time in five months that the market had enjoyed two consecutive million-share days.

• **Buoyant Issues**—Especially buoyant were issues like American Can, which rose \$3.25 a share on Tuesday and added another \$1.25 a share Wednesday. Jones & Laughlin, preferred, and Norfolk & Western added \$2.50 each on Tuesday. A gain of \$3.50 a share by Guantanamo Sugar preferred and \$3 by Cuban American Sugar preferred pushed both stocks to new high prices for the year. Central Violeta Sugar and Francisco Sugar also recorded new 1941 tops as a higher sales price for their stock-in-trade was indicated.

The world and domestic price of raw sugar rose rapidly on rumors that the

U. S. had offered to buy two-thirds of the entire 1942 Cuban sugar crop for 2.65¢ a pound, f.o.b. This would be well above the present ceiling price of 2.26¢ a pound, f.o.b., which remains after deduction of 0.9¢ a pound import duty and 0.34¢ a pound freight from the domestic ceiling price of 3.50¢ established by the Office of Price Administration (BW—Nov. 29 '41, p. 65). If a trade at 2.65¢ is consummated, traders expect the domestic ceiling price to be boosted and the tariff to be reduced.

• **Unprecedented Lows**—If it weren't for "special situations," as in sugar, commodities future markets would be nearly idle. For normal trading has shrunk to unprecedented lows, caused partly by restrictions, by ceiling prices, and by the government ruling that futures trading in many commodities may be solely for liquidation of outstanding contracts. Traders can get out but they can't get in. Heavy trading in cocoa futures was an exception, another special situation. Cocoa prices climbed to new highs for the year as absence of offerings from primary markets, scarcity of cargoes afloat, and the war threat to African supplies were noted.

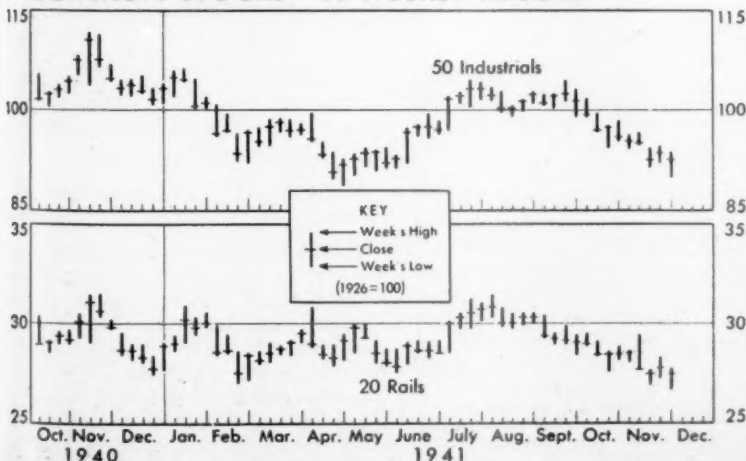
• **Cotton and Wheat Futures**—Cotton, wheat, soybean futures trading slumped most sharply. Futures trading on the Chicago Board of Trade last month was smallest on record.

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial ..	92.8	93.6	95.6	103.5
Railroad ..	27.5	27.8	28.6	28.7
Utility	37.0	37.6	39.7	54.0
Bonds				
Industrial ..	106.6	106.2	105.5	102.5
Railroad ..	84.8	84.6	85.4	85.7
Utility	107.2	107.6	107.2	105.0
U. S. Govt.	112.2	112.4	112.8	111.1

Data: Standard & Poor's Corp. except for government bonds which are from the Federal Reserve Bank of New York.

COMMON STOCKS—A WEEKLY RECORD



Date: Standard & Poor's Corp.

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Agency—THE GRIMWOLD-ESHELMAN CO.	Agency—FULLER & SMITH & ROSS, INC.
GULF OIL CORP. 29	WHITING CORP. 91
Agency—YOUNG & RUBICAM, INC.	Agency—THE FENHOLT CO.

nounced that its goal for national hog slaughter in 1942 is 79,000,000 head, 8% above the estimated 1941 total. Next year the U. S. government expects to send Great Britain 10% of the total pork and 25% of the total lard produced in this country. Russia also expects to receive lard from us.

While lard stocks are heavy, the 895,000 bbl. (400 lb. capacity) carry-over of cottonseed oil on Aug. 1, at the beginning of the crop year, was, except for 1936, smallest in a decade. The 1941 carryover was one-third less than in 1940, which was at about the average of the previous seven years. Present supply will be augmented by about 2,800,000 bbl. yielded by the current cotton crop, bringing the total to about 3,700,000 bbl., not counting the currently-negligible imports.

● Demand for the Oil—Consumption, now averaging around 300,000 lb. a month, hasn't fluctuated so much in recent years. But a drain of this size throughout the year would indicate carryover next August 1 of only about 400,000 barrels, an all-time low. Cottonseed oil is second to butter as the most heavily consumed food fat or oil in the U. S.; it accounts for about one-fourth the total. Most of the oil goes into vegetable oil shortening, of which over a billion pounds were produced in the first nine months of 1941, 27% more than in the similar 1940 period. Last week the government announced purchase of 2,500,000 lb. of shortening for relief distribution. Cottonseed oil imports probably won't amount to much, for Argentina is understood to be barring all exports of the oil and Brazil is selling to Canada.

● Competitors—Meanwhile, use of domestic substitute and competitive oils has increased, but imported competitive oils have been more difficult to obtain. Soybean oil was little used ten years ago; it was hardly even a commercial crop. The crop now is almost 40% as great as that of cottonseed oil. Factory consumption in 1940 of 431,600,000 lb. was 17 times the 1932 total.

More peanut oil is being procured from southern states as cotton planters sow peanuts at bonuses on acreage allotments taken out of cotton production under Agricultural Adjustment Administration rules.

P. S.

Senate passage and Presidential veto are next in line for the Fulmer-O'Mahoney sugar bill which passed the House Monday. . . . Recently-ordered ban on use of lead and tinfoil (BW—Nov. 29 '41, p66) has been suspended for 30 days while the Office of Production Management "gets all the facts on which the order was based." . . . At least 15% of December lead output must be set aside for defense needs.

THE TRADING POST

In Behalf of Leaders

I have been thinking about Clifford S. Stilwell—Cliff Stilwell to his friends. Last week he died and left a gaping hole, not only in the Warner & Swasey Co., which he served as executive vice-president, but also in the machine-tool industry which he served as president of the National Machine Tool Builders Association.

Some men are like that. And how we miss them when they leave us! They become so much a part of whatever they touch. And they touch so much that means so much to many. Cliff Stilwell not only meant a lot to his associates in Warner & Swasey and in the machine-tool industry. He was chairman of the board of his alma mater, Denison University; he was president of the Cleveland University Club.

Not all men have his gift. Most of us must be content to do the one job to which we are called. It takes all we have to do that well. So we serve our duty best when we concentrate on that job. That is as it should be.

But even though we do not command the talents or the strength to serve beyond our own day's work, we can, at least, share the spirit that drives men like Cliff Stilwell to labor for the group as well as for themselves alone. We can support them, we can stand and march with them. Progress needs followers as well as leaders. Active, avowed followers, I mean, in the working ranks; not just camp-followers at a safe distance.

That is why I am thinking about Cliff Stilwell. The industry he served so well is a vital gear in the defense machine. It has on its hands a tough job that means a lot to all of us. It needs the ablest leadership and the most devoted followership it can command. In these critical times many other industries need them too. In each of them, men will rise who are willing and able to assume the burdens and griefs of leadership.

And in each of them, other men too will serve in their several ways. If they cannot or will not be leaders, they will offer the great, grand gift of loyalty to those who can and will.

Contact!

Somewhere in this sequence there must be a moral, but I haven't had a chance to look for it. So here are the facts; roll your own moral—if any.

During the last month I had three adventures with important business houses, all on an amazingly similar pattern. One manufactures a relatively

low-priced commodity, sold by the millions on a repeat-purchase basis through thousands of dealers. A second makes a high-priced product, sold for the most part on a one-time basis, and requiring a certain amount of service after purchase to insure satisfaction. The third is a nation-wide public utility, famous for its high-grade public relations. All three are national advertisers.

In each case my adventure began with a minor difficulty. Number one involved a defective product requiring nothing more than a substitution to make everybody happy. Number two arose from defective performance, requiring only the touch of a service man to make things right. Number three was a matter of a mistaken charge which required only a reference to the records.

In each case the matter was taken up through normal channels—with the same result. In the first case, the dealer's clerk was brusque, uninterested, unhelpful. Nothing could be done about it. It was too bad, but that was that. One was impressed by the young lady's superiority.

In the second case, the clerk who handles service matters was adroit at the "brush-off". I should guess she disposes—and "disposes" is the word—of quite a few people every day who come in to seek service and, incidentally, satisfaction from the goods sold by her company. No one knows, of course, how many prospective customers she "disposes of" in the process. Here, too, one was impressed by the young lady's superiority.

In the third case, the clerk who handles commercial matters was equally expert at putting the public in its place. She knew her stuff all right and she was rather good at making you feel cheap. Again one was impressed by the young lady's superiority.

If that were all there is to this story, it would be easy to draw some nasty conclusions about the attitude of American business. Probably some people do just that. And that's too bad.

For in each of these cases I followed through to the top—just to see what would happen. And in each case I found full satisfaction—courteous, prompt, apologetic, in one case, even generous. The men and women responsible for performance in each of those companies seem to be much concerned as to how their customers feel about them. But if those companies are ever to get full value from their investments in advertising, promotion, public relations and other forms of customer cultivation, they seem to have a job on their hands—at the point of customer contact.

W.C.

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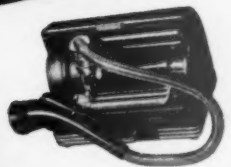
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THE TREND

THE TALE OF TWO TICKERS

When German troops marched into Poland two years ago, American investors and speculators thought they foresaw a war boom in business, and profits. And the stock market rose. However, the London market was not nearly so sanguine; British stocks declined. And later, when France fell, the London market plunged under the depression lows of 1932 and 1933.

American stocks likewise slumped on the British retreat from Dunkerque and the capitulation of Pétain; but the drop was not nearly so severe. The stock market not only held above the 1932 low but also above the low of 1938. Understandably—with 3,000 miles between them and the English channel—American investors and speculators could be more philosophical about the war than the British. But what followed after the fall of France is a continuing economic paradox. British stocks have been rising, whereas American stocks—after a sharp but minor rally—have been drifting downward (BW—Nov. 29, '31, cover).

• Now it is not extraordinary for the stock markets of two countries to move in contrary directions. During the American stock-market boom of the 'twenties, London shares hardly moved up at all. But there was a reason: British industrial activity actually declined from 1927 into 1929, while American business was reaching new heights. During 1941, however, there has been no such industrial divergence in the two countries to explain the divergence of the stock markets. And what heaps paradox upon paradox is that American stocks, as investments, are much more attractive than British stocks. Here, for instance, are some fairly comparable British and American common-stock yields:

British Stock	Yield %	American Stock	Yield %
Birmingham Small Arms	6.5	Savage Arms	16.5
British-American Tobacco	3.8	Philip Morris	6.3
British Plaster Board	4.1	United States Gypsum	7.3
Courtaulds	4.7	Celanese	8.7
Imperial Chemical	4.8	Du Pont	4.8
Imperial Smelting	5.1	American Smelting & Refining	7.4
Lever Bros.	3.7	Procter & Gamble	5.6
Metal Box	4.5	American Can	5.6
Dunlop Rubber	5.4	Goodyear Tire & Rubber	8.1

Data: Standard & Poor's.

• Taken all by itself, it is not too difficult to account for the decline in the American market. As Business Week noted in its report on "National Defense and the Future of Profits" (BW—Aug. 16 '41, p. 26), corporations have had to work a good deal harder to earn less money, and stockholders have suffered accordingly. Consider the dividend record of the first 11 months of this year. Though war has boomed industrial activity 35% higher than in 1937, dividends voted stockholders, at \$3,878,111,170, are 5% lower than in the corresponding period of 1937.

But the same factors that are working against profits here are also at work in Great Britain—higher taxes, higher wage rates, greater government control of industry

—and more so, because the British are actually at war, whereas this country is not yet formally fighting Germany; moreover, the one hard-to-get-away-from fact is that American common stocks sell to yield more than British shares.

Investment analysts try to explain this economic anomaly in various ways:

(1) Since the war, British investors have been forced to sell American securities and hand over the dollars received to the British exchequer for pounds. And, presumably, being stockminded, these investors turned around and bought shares in British companies. Thus, liquidation of American shares resulted in purchases of British shares, and produced an upward pressure on the British market and a downward pressure on American shares.

(2) A rise in the British market is a natural reaction from the bear-market low of Dunkerque and the fall of France. But the American market, not having made a new low during the war, is in the process of discounting the war and continuing the bear-market trend that started in the autumn of 1937. (This is the market technician's view.)

(3) American investors have just begun to recognize that, as one investment house puts it, "the successful conduct of a war organization and production is more dependent on manpower, i. e., labor and management, than on capital"; British investors and speculators have had time to become inured to this.

However, no one explanation, or group of explanations, seems adequate in the face of such controlling facts as these: that, in both countries, economic conditions are similar—with costs rising, profits harder to make, and government control over industry increasing; that while one country is actually in a war economy, the other is only a diplomatic step removed; that on the battle-front, recent news has been favorable to both markets (a British or Russian success is just as much a gain for the American side as for the British side). But still, the British market signals "Thumbs Up," the American market "Thumbs Down."

• Perhaps that is all we know, and all we need to know about this paradox. Perhaps the disagreement of the world's two basic capital markets suggests the confusion, the doubt, the gropings among all men for certainty about the outlook for democratic and capitalistic institutions. What is going to happen when the war is over? Who's going to make the peace? And what kind of a peace will it be? And how will our basic institutions come out of it?

One market says, "Yes," the other says "No." Perhaps that difference of opinion, in and of itself, is of prime importance—because it is a paradox.

The Editors of Business Week

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